

**THE DOMESTIC IMPACT OF INTERNATIONAL REMITTANCES:  
THE ROLE OF DOMINICAN REMITTANCES IN  
WASHINGTON HEIGHTS, NEW YORK**

by

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on May 25, 2006 in partial fulfillment of the requirements for the degree of

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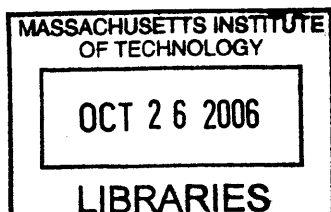
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**Abstract**

There has been a lot of research on, writing about, and celebration of the benefit of remittances on the economies of developing countries. However, there are no studies on the impact of these remittances on the communities within the United States from which these remittances originate. This lack of attention is particularly troublesome, as remitting communities are often concentrated in low-income neighborhoods where many families live below the poverty line. This thesis examines the domestic impact of remittances on money-sending communities: how much money is sent abroad, what sacrifices are made to send this money, what other costs are associated with remitting, and what could be done with the money if it were invested locally instead. Understanding remitting habits and costs from the sending side sheds light on this particular facet of immigrant life, and suggests where funding and support might be targeted to best help local development in communities with large remitting immigrant populations.

This study focuses on the remitting habits and economic conditions of Dominican immigrants in Washington Heights. Investigating the Dominican community of Washington Heights provides a lens into the domestic toll of international remittances in one of New York City's poorest neighborhoods. An analysis of the findings of this investigation suggests that remittance sending has a profound impact, both real and imagined, on Washington Heights' Dominican community. Further, it recommends that any planning for development in neighborhoods with similar populations take into account how intimately connected these communities are to their countries of origin and their family there. Despite U.S. citizenship, and realities which may keep them here indefinitely, many Dominicans live a truly transnational existence, foregoing establishing permanent roots and investing in the U.S. in favor of a regular practice of sending money abroad.

Thesis Advisor: Phillip J. Thompson

Title: Associate Professor of Urban Politics, Department of Urban Studies and Planning



To  
my family and other Dominican immigrants who  
came to this country in search of a better life for  
themselves and for those they left behind.



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## CHAPTER ONE: INTRODUCTION

### I. Introduction

Immigrant groups in the United States maintain relationships with family in their home countries through a variety of activities, including regular communication via mail, email or telephone, and if possible, visits. Another means of connection are remittances -- “money that migrants earn working abroad and then send back to their countries of origin” (Myers 1998). Remittances represent the financial commitment a migrant has to family in his or her home country. In 2003, worldwide remittances were estimated to amount to more than \$100 billion, the majority of which was sent from “the industrial to the developing world” (Orozco 2003). The three main remittance-receiving countries are Mexico, India, and Brazil, and the top remittance-sending countries are the United States, Saudi Arabia and Germany (Solimano 2003; Suki 2004). In many developing countries, remittances actually exceed foreign aid, making them the single most important source of external capital.

In recent years, the importance of this external source of capital for developing countries has received increased attention in both political and academic circles. Specifically, there has been a surge of new research on immigrant remittances. Beginning in the 1970's, research on immigrant remittances focused primarily on understanding why migrants remit, and identifying the factors that may contribute to remittance behavior. These factors might include immigrants' length of time in the United States, their age at immigration, the number of family members that remain in their home country, the strength of their ties to their homeland, and their plans of eventual return. In the last decade, the focus of remittance research has shifted towards identifying the senders and receivers of remittances, the frequency and average amount of remittances, specific money transfer mechanisms, the cost of sending remittances, how remittance money is used abroad, and what if any impact it has on the receiving countries as a whole.

This wealth of recent research generally tries to assess the costs and benefits of remittances to receiving countries, and is usually accompanied by recommendations on how to link remittances to development, how to increase remittance flows, how to decrease the cost of sending remittances, and how to increase the productive use of remittances in developing countries. By focusing principally on how remittances can and do benefit developing countries, most research glosses over the effect of remittance sending on the senders, their families and the communities in which they live in their adopted country. However, the existence of this significant a volume of non commerce-based cash flow from one country to another has measurable implications for domestic money-sending communities that have gone undocumented.

## **II. Goals of Thesis**

This thesis aims to contribute to the current scholarship on remittances by examining how remittances actually affect the money-sending community. Research on this topic has shied away from attempting to understand remittances from the sending side, beyond a superficial analysis of how much is sent, how often, why, the transfer mechanism utilized, and its cost. We still do not understand what remittance senders do or forgo in order to make ends meet for their family here and overseas. This lack of attention is particularly troublesome, as remitting communities are often concentrated in low-income neighborhoods where a large proportion of families live below the poverty line. This study investigates the domestic impact of remittances on money-sending communities and strives to shed light on the costs associated with remitting, the sacrifices made to send this money, and the potential effect local investment of that money would have on remitting communities here. Understanding remitting habits and costs from the sending-side will illuminate this particular facet of immigrant life, and suggest where funding and support might be targeted to best help local development in communities with large remitting populations. If the scale of money sent is proportionally large, therefore representing a substantial loss to the community here, perhaps something could be done to encourage remittance-senders to invest some of these funds locally, or if not, at least spur investment by local organizations or support systems to counterbalance this loss.



The target audience for this thesis is city planners, members of advising boards, city councils, and community-based organizations in neighborhoods with a large number of immigrants. This thesis is written for those who wish to understand a different aspect of the immigrant story, one with which past, current and future immigrant groups will be able to identify. Ultimately, this thesis is intended for financial, economic and social service providers in communities with significant remitting populations in the hopes that they will consider the reality of immigrants that have important ties and responsibilities outside of this country, and consequently provide alternative or additional services that may help to improve the financial situation of some of our most recent settlers.

### **III. Research Methodology**

This thesis is made up of two parts: The first part is a review of the current scholarship and an analysis of the economic and demographic structure of the international remittance market. It will provide the context and background for the second and central part of the thesis, a case study of Dominican immigrants in the Washington Heights neighborhood of New York City.

The first part of this thesis explores the lack of research attention to the impact of remittances on money-sending communities. To identify this gap, I rely primarily on a literature review of books and journal articles that examine theories, work, and recommendations on immigrant remittances. This section aims to provide an overview of the research on the remitting habits of immigrants and the theories as to why immigrants remit and to highlight research focused on the impact of remittances on developing countries.

The case study portion of this thesis relies on previous research about Dominican immigrants in the United States and in Washington Heights and on my own field research in the Washington Heights neighborhood. The field research consisted of 27 interviews of male and female adults born in the Dominican Republic who currently reside in Washington Heights, and who remit money to their families in the Dominican Republic. Interview participants were obtained through personal networks and with assistance from the staff at *Alianza Dominicana*, a community development organization based in Washington Heights. Most of the interviews were conducted in person at various locations throughout

Washington Heights, including *Alianza Dominicana's* headquarters, a private apartment, a beauty salon, a *bodega* (a Dominican grocery store), a money transfer company and a bus transport service. Six interviews were conducted by phone from an apartment in Washington Heights.

Interviews began with a brief description of the research project and assurance of confidentiality. Subjects were then asked a series of questions designed to facilitate an open dialog about their immigration to the United States, their employment history and salary, the geographic location of their family (in the U.S. and the D.R.), their remittance-sending practices and commitments, their economic situation in the United States, the economic situation of their family in the Dominican Republic, how they felt the sending of money to the D.R. affected their life in the U.S., and how they thought it affected their family in the Dominican Republic. Though I tried to ask all of the same questions when possible, the interviews were sometimes adjusted based on my perception of the participants' comfort level. The interviews lasted from 15 to 45 minutes and were all conducted in Spanish. I initially gave participants the option of being recorded, but quickly realized that my interview subjects were less natural or comfortable with me when they were being recorded. This corresponded with my prior reservations about conducting the interviews – it is my understanding that many Dominican immigrants are worried about their status as residents of the United States, and particularly given the recent tightening of security due to anti-terrorist legislation, I was not surprised when on more than one occasion I was asked if I was with the FBI. Ultimately, the interviews that I conducted through personal networks, when my contact carefully explained who I was and what the purpose of my work was, proved to be the most informative and most candid. At each interview, I took notes in English while the subject spoke, except when the translation did not come to me quickly enough, in which cases, I took notes in Spanish, and translated later.

#### **IV. Why a Case Study about Dominican Immigrants in Washington Heights?**

In total, the Latin American and Caribbean region receives the largest flow of remittances (31%) in the world (Orozco 2003). In 2002, remittances to this region amounted to approximately \$32 billion, with Mexico, El Salvador and the Dominican Republic capturing over 50-percent of that amount (IAD 2004, Orozco 2003). For many countries in the

region, this flow of remittances represents a significant portion of all of the economic activity in the country, and as a result, many researchers have recently touted remittances as “Latin America’s Most Important International Financial Flow” (IAD 2004).

Beginning in 1997, two policy analysis/research organizations, the Inter-American Dialogue and the Tomás Rivera Policy Institute (TRPI), partnered together to examine “the potential contribution of remittances to economic and social development in Latin America and the Caribbean--as well as to the economic and social well being of Latino communities in the United States” (Myers 1998). Since then, the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IADB), the Pew Hispanic Center (PHC), and the International Monetary Fund (IMF), have embarked on their own studies of remittances in Latin America.

The remitting habits of immigrants from the Dominican Republic have garnered particular attention, not just because of the size of the current Dominican remittance market, but because Dominicans represent one of the fastest-growing immigrant populations in the United States. From just 1990 to 2000, the Dominican population in the U.S. doubled. There are over one million adults currently living in the United States that were born in the Dominican Republic (Pantoja 2005). Dominicans are now the fourth largest Latino immigrant group in the U.S. and are expected to be the third largest group by 2010 (Hernández 2003).

Like many other immigrant groups, Dominicans in the United States send money back to their homeland each year; in 2004, an estimated 710,000 Dominicans in the United States sent over \$1.6 billion to the Dominican Republic (MIF 2004). However, despite the size of the U.S.-Dominican remittance market, Dominican immigrants have among the lowest per capita incomes in the country (Hernández 2003). A 2004 survey of Dominican remittance-senders and receivers in the United States found that 38% of respondents reported an income of less than \$20,000 per year (MIF 2004). Despite limited resources, Dominicans in the U.S. are sending a proportionally larger portion of their income back home than virtually any other immigrant population. Adding to the imbalance of this equation, the cost of sending remittances to the Dominican Republic is higher than that to many other countries;

the average transaction cost for sending remittances to the Dominican Republic is 8%, compared to 6% for other countries in the region (MIF 2004).

While Washington Heights is just one of a handful of neighborhoods in the United States with a large concentration of Dominican immigrants, I have chosen it as a case study because it is home to the largest concentration of Dominicans outside of Santo Domingo, the capital of the Dominican Republic, and because it is one of New York City's poorest neighborhoods (Pantoja 2005). The juxtaposition of these two realities – the acute concentration of a specific remittance-sending immigrant population within an impoverished urban setting – can provide a clear lens into the potential domestic toll of international remittances.

## **V. Overview of Next Chapters**

This thesis is organized into six chapters, including this introductory first chapter. Chapter 2 reviews previous studies on the remitting behavior of immigrants, recent work on how remittances impact money-receiving countries and communities, and recommendations for how remittances can be further leveraged in development. Chapter 3 provides a brief history of Dominican immigration to the United States, a snapshot of the Washington Heights neighborhood, and a demographic profile of Dominicans in Washington Heights, and also reviews recent research on Dominican remittances. In Chapter 4, the findings of my field research are discussed in detail. Chapters 5 and 6 serve to highlight the major implications of the research and to summarize concluding arguments.

## **CHAPTER TWO: PREVIOUS STUDIES**

This chapter summarizes the current research on international remittances, paying particular attention to the U.S.-Latino remittance market. It discusses remittance trends, and explains major theories on reasons for individual remittances. The costs and benefits of remittances to receiving countries are also identified and explored. Finally, this chapter looks at scholarship on and recommendations for leveraging remittances abroad.

### **I. The Remitting Behavior of Immigrants**

#### **Who Remits**

At this point, there has been a generation of research that has attempted to describe how and why immigrants remit. Most studies consistently identify a handful of traits that are believed to increase or decrease a migrant's likelihood of remitting. Studies have shown that migrants who leave their home country for economic rather than social or political reasons are more likely to remit, as are those who have immediate family (spouses and children) in their home country, or those who are more recent migrants (Taylor 1999; Desipio 2000; De la Garza & Lowell 2002). Furthermore, researchers agree that remittance behavior tends to change throughout an immigrant's life (Desipio 2000). One study found that gender, age and education also had an effect on the likelihood of remitting. This study found that men are more likely remitters than women, and that age and education are negatively correlated to the likelihood of remitting (i.e. as age or education level increases, remitting decreases) (Desipio 2000).

The 2003 National Survey of Latinos, conducted by the Pew Hispanic Center and the Kaiser Family Foundation, gathered information on Latino remittance senders across the United States. This study found that of the adult foreign-born Latino population in the U.S., approximately six million individuals (or 42% of the population) send remittances abroad on a regular basis. Furthermore, consistent with the trends mentioned above, the study found that 50% of Latino immigrants who have been in the U.S. for less than ten years regularly

send money to their home country, whereas 23% of those who have been in the U.S. for 10 to 20 years customarily remit, and only approximately 10% of those who have been here for 20 or more years are consistent remitters.

### **Why Immigrants Remit**

The most explored topic on migrant remittances is why immigrants remit. Since the 1970s, researchers have been making hypotheses about what is behind migrants' remitting behavior. They have tried to understand specifically whether remittances stem from explicit contractual agreements between family members or are more the result of informal or assumed responsibilities. The major theories on why immigrants remit can be split up into the following four categories: altruism, self-interest, insurance, and repayment.

Research that supports the *altruistic model* has found that a migrant's desire to send money to relatives back home comes from his/her concern about the welfare and well-being of family members who have stayed in their home country (Knowles and Anker 1981; Banjeree 1984; Macpherson 1994; Funkhouser 1995; Brown 1998; Menjivar et al 1998). This model suggests that in the country of origin, remittance-receiving families with lower incomes would receive larger remittances. This model also suggests that during difficult economic times in a home country, migrants would increase their remittances (Becker 1974).

*Self-interest* remittance theories are based on the notion that migrants remit to fulfill their own financial goals. Studies that support this model show that remittances are made as a financial or social investment that can be "cashed in" when the migrant returns to the home country (Lucas & Stark 1985; Hoddinott 1992; Macpherson 1994; Brown 1998; Ahlburg & Brown 1998; Grieco 2003). In this model, migrants send money to relatives back home to maintain the social networks to which they would like to return, or to another party who can insure an inheritance of property back home (Grieco 2003). While support for this theory is mixed, there is strong evidence that migrants who plan to return to their home country remit more than immigrants who expect to stay abroad.

Some researchers have found that the decision to remit is based on a system of mutual *insurance* between migrants and their family back home (Lucas & Stark 1985; Stark & Lucas 1988). This theory advances the idea that remittances are often the result of implicit

contractual agreements protecting both parties. According to the insurance model, families work to send one of their members to another country with the aim of improving the economic situation of the family as a whole. The theory suggests that families provide the necessary money to support an emigrant until he/she is established abroad, with the understanding that once this person is employed, he/she will support the family that has stayed behind. Likewise, immigrants can expect to be protected and supported by family back home if and when he/she becomes unemployed or finds him/herself in a difficult financial situation abroad (Solimano 2003).

The final broad category of remittance theory is the idea of remittances as *repayment*. In this model, migrant remittances serve as repayment for money that was explicitly or implicitly used to aid in migration. Remittances by migrants might be sent to repay money that was spent on his/her education or money used to somehow finance the migration, even if the family never had a formal agreement about how or if this money would be repaid (Knowles & Anker 1981; Lucas & Stark 1985; Stark & Lucas 1988; Brown 1997; Piorine 1997).

Support for each of these theories varies, and none has consistently been found to explain the reasons why immigrants remit. Likely, a combination of a number of the factors described above influence immigrants' decisions to remit, and influence how much, how often, and under what circumstances remittances occur. Furthermore, as with other aspects of remittances, the reasons for remitting vary by country, situation, and over time.

### **How Remittances Are Sent**

Another aspect of remitting that has received a great deal of attention, particularly over the last decade, is the issue of how remittances are sent. Research has shown that how migrants prefer to send remittances varies markedly by country of origin, and familiarity with and access to different means of remittance. These methods include electronic transfers, banks, couriers, mail, and delivery by hand (Myers 1998). In 1998, the most popular method of remittance was through money transmissions and money orders (Myers 1998). Today, wire transfer companies, like Western Union and MoneyGram, dominate the remittance sending market (2003 National Survey of Latinos).

### **How Much is Remitted and How Often**

While a great deal of research has been done on international remittances, figures for how much money is actually remitted between countries are likely to be somewhat inaccurate because they do not typically account for the transfers of consumer goods (clothing, food, televisions, etc) that are common in immigrant communities, or Social Security payments that migrants might redirect to themselves or their families abroad (Myers 1998). In the U.S., research has found that migrants usually remit six (6) to sixteen (16) percent of their household income to family and friends in their home country. The amount that individuals remit is influenced by their age, education, the duration of time they have been in the U.S., and also by how settled the migrants are here (Durand et al 1996; De la Garza et al 1997). In 1996, the average remittance from the United States abroad was \$320 (Myers 1998). The 2003 National Survey of Latinos found that 56% of remitters send between \$100 and \$300 per remittance, and that 66% send money at least once a month -- this suggests average annual remittances of \$1200 to \$3600.

## **II. The Effect of Remittances Abroad**

### **How Remittances Are Used**

The research on the actual use of remittances in developing countries provides data that is not only consistent from country to country, but consistent from study to study (Russell 1986; Keely and Tran 1989; Massey and Basem 1992; Taylor et al 1996). All of the research confirms that the recipients of remittances are almost always relatives of the remittance senders - typically the spouses, children, parents or siblings of migrants. The data also suggests that most recipients of remittances do not have bank accounts; therefore money received from abroad is typically consumed, rather than saved. Individuals most frequently use the money they receive in the form of remittances for food, health care and clothing. Beyond these basic needs, remittances are sometimes used to build or improve homes, to buy livestock or to pay for schooling. Research shows that remittances are only minimally spent on "productive investment" activities such as savings and business ownership (Myers 1998).

Despite the general consensus among researchers on how remittances are used, there is substantial disagreement as to whether or not remittances are used well or are even beneficial



to the communities and countries that receive them. Some researchers argue that remittance-receiving households are wasteful with the money they are sent. These scholars criticize the use of remittances for immediate consumption, and believe that remittances would be best used for business and employment development (Pastor and Rogers 1985; Martin 1990; Diaz Briquets and Weintraub 1990; North 1990; Siri and Delgado 1995). On the other side of the discussion, there are researchers who believe that remittances are used exactly as they can and should be, particularly when the economic, social and political conditions of those individuals and communities receiving international remissions are considered (Keely and Tran 1989; Georges 1990; Massey and Basem 1992; Itzigsohn 1995; Durand et al 1996; Taylor et al 1996). This scholarship emphasizes the private nature of these transfers, and argues that the only way remittances could be used for development is if conditions improved in receiving countries to the extent that individual subsistence needs were met through other means. Only then could remittance funds be focused elsewhere.

### **How Remittances Affect the Receiving Community**

Based on numbers alone, remittances have had an enormous impact in remittance-receiving countries around the world. In many countries, remittances have become the most stable source of capital, exceeding foreign domestic investment and accounting for as much fifteen (15) percent of their gross domestic product. At the macro-scale, some argue that remittances increase national income, stimulate business development and local commerce, and create a job market through money transfer and courier services (Russell 1986; Keely and Tran 1989; Portes and Guarnizo 1990; Massey and Basem 1992; Durand et al 1996; Taylor et al 1996). At the household level, remittances often make up as much as half of a household's income, allowing families to meet their basic needs while keeping out of poverty. Furthermore, remittances are believed to help lessen the impact of severe economic crises or natural disasters in migrants' home countries (Terry 2005).

Despite the clear advantages that remittances can bring individuals, communities, and countries abroad, they are not always seen in a positive light. The biggest criticism of remittances is that they create a culture of dependence. Researchers argue that non-migrants become so dependent on and accustomed to this regular flow of capital that they stop exploring ways to overcome poverty by their own means in their home country. These

scholars contend that remittances increase middle-class consumption and dependence on imports, lead to lower agricultural production, and create a divide between recipients and non-recipients in remittance-receiving countries (Pastor and Rogers 1985; Russell 1986; Martin 1990; Itzigsohn 1995). Furthermore, some economists maintain that remittances actually make economies more vulnerable because of their dependence on external sources of capital and “. . . are rarely the spark that creates enough economic activity to make migration unnecessary” (Martin 1990). These writers assert that continued inflow of remittances to a country decreases investment by the government, creates a group of people that is not accustomed to work, and encourages continued migration of its working-age, educated population. Sharon Russell summarized the costs and benefits of remittances in the table below (1986).

**Table 2.1. Costs and Benefits of Remittances**

<b>Benefits</b>	<b>Costs</b>
Ease of foreign exchange constraints and improve balance of payments	Are unpredictable
Permit imports of capital goods and raw materials for industrial development	Are spent on consumer goods, which increases demand, increases inflation, and pushes up wage levels
Are potential source of savings and investment capital formation for development	Result in little or no investment in capital-generating activities
Are net addition to resources, raise the immediate standard of living of recipients	High import content of consumption demand increases dependency on imports and exacerbates balance of payment problem
Improve income distribution	Replace other sources of income, thereby increasing dependency, eroding good work habits, and heightening potential negative effects of return migration
	Are spent on “unproductive” or “personal” investment (e.g., real estate, housing)
	Create envy and resentment and induce consumption spending among non-migrants

### III. Leveraging Remittances<sup>1</sup>

Although the individual nature of remittances allows their recipients to independently decide how to use these funds, governments and researchers are particularly aware of the amount of currency inflow that these discrete transactions cumulatively represent. As a result, governments in countries that receive a large volume of remittances have explored, and in some cases, implemented ways to channel a percentage of these funds towards investment and development efforts at the local and national level. Following this model, researchers today continue to propose ways in which remittances can be leveraged abroad.

The leveraging of remittances for governmental purposes is a controversial issue because of the private nature of remittance cash flow. Some argue that taxing remittances in any way (by requiring that a percentage go to the government) would lead to higher sending fees, and therefore discourage remitting through formal channels like banks and money transfer companies. Others say that taxing remittances would inappropriately take some of the onus of improving economic conditions through internal means off of the government (Diaz Briquets and Perez Lopez 1997). Despite these concerns, governments and scholars continue to explore potential strategies for leveraging remittances. This research typically looks at ways that the government, financial institutions and/or community and economic development agencies on the receiving side of the remittance market can not only increase the inflow of remittances, but also increase their productive use.

#### Increasing Remittance Flows

*Capturing a Share.* Some countries have tried to increased remittance flows by requiring that migrants working abroad deposit a percentage of their earnings into a national fund. Attempts at mandatory directed remittances were made in the Philippines, Pakistan, China, Korea, Thailand and Bangladesh (Puri and Ritzema 1999; Orozco 2000). This system not only sets up a somewhat strained relationship between a country and its citizens abroad, but also places additional burdens on its emigrants, regardless of their financial standing. Mandatory remittances have only been successful in South Korea, where migrants had

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<sup>1</sup> This section is heavily borrowed from Myers (1998).

received assistance from the government to secure employment in Korean companies abroad (Orozco 2000). Another strategy for capturing a share of remittance flows is allowing for voluntary check-off contributions through money-transfer companies. This method essentially allows migrants to donate a portion of their remittance to government projects in their home country. This system has been implemented (with some success) by Western Union in Chicago (Orozco 2000).

*Decreasing Transmittal Costs.* Recognizing that the means which migrants most typically utilize to send remittances (wire transfers, money orders and couriers) often charge high premiums for their services (up to 15% of the remittance cost in some cases), and that another fraction of the money remitted can be lost in currency exchange (up to 10%), some researchers have advocated for decreasing the costs involved in transmitting funds with the aim of increasing the flow of remittances and the share that actually reaches the desired recipients. Many of these proposals include strategies for setting standard exchange rates, regulating international money transmitters and creating partnerships with banks and money transfer companies on both the sending and receiving sides of the remittance market (Orozco 2000; Suki 2004). While these strategies are designed to decrease the overall cost of remittance sending, recommendations for regulating transmittal costs and standardizing exchange rates have been criticized because they interfere with markets that, in theory, regulate themselves through competition.

*Remitting Incentives.* Some researchers suggest that remittance flows are best increased by creating incentives for migrants to participate in formal financial institutions and small business development, promoting return visits, and encouraging return at retirement. The goal of this model is to identify and reduce or eliminate any obstacles that discourage migrants from becoming financially stable or maintaining connections to their home country. In the case of formal financial institutions, this would mean offering services including better exchange rates, low interest loans and assistance for small business development. El Salvador is one of the countries that has tried to increase remittance flows through these types of incentives. Salvadoran banks have established subsidiaries in United States communities with high Salvadoran populations (California, New York, Texas, and Washington, D.C.), and in 1989, the government of El Salvador authorized U.S. dollar

denominated accounts and higher interest rates for those living abroad. What remains to be seen is whether the money invested in these types of incentives increases remittances enough, and generates enough income to justify their expense.

### **Increasing Productive Use**

*Remitter Specified Uses.* There are a number of examples of developing countries that have experimented with both individual and communal remitter-specified contributions. In these cases, senders of remittances have directed the usage of their contributions in specific ways. Individual remitters, working with banks and local corporations, have set up arrangements for contributing directly into savings accounts they have set up for family members, paying into the purchase of larger items (such as appliances, furniture etc), or putting aside money specifically for education. Emigrant communities have also pooled their resources to fund projects in their home countries. These efforts have often been aided by bi-national agencies, private entities, religious organizations, and social groups that help to funnel remittance dollars to particular projects by providing organizational structure, expertise, and occasionally, matching funds (Massey 1997). For example, a group of migrants in L.A. from Zacatecas, Mexico channeled their remittance dollars to build a school and a road in their hometown. In El Salvador, remittances were received for public works projects such as potable water and electrification. During the 1990's, Mexico had good success encouraging these type of arrangements through the development of hometown associations (HTA's) that worked with specific emigrant communities to direct remittances. Supported by government--and occasionally private-sector--money and resources, these HTA's channeled money from the U.S. to specific domestic development projects (Orozco 2000).

*Increasing Banking and Savings.* As mentioned earlier, the vast majority of migrant remittances never enter the formal banking system, and instead are used for short-term consumption. Many proposals for increasing the productive use of remittances recommend channeling remittances through the banking system before being they are made available to recipients. The interest earned on these funds would provide additional income to recipients, and the inflow of remittances would allow banks to offer more loans for business development. Furthermore, because the money from remittances would be dispensed through the formal

banking system, the structured transaction could encourage more purposeful, controlled investment.

Although at first glance this strategy for increasing the productive use of remittances may seem attractive and potentially beneficial for individuals and the larger community, it relies on the assumption that remittance recipients currently use remittances “unproductively”. While only a small proportion of money from remittances is currently used for long-term investment or savings, if these funds are being used to meet subsistence needs, no amount of encouragement from the system will shift recipients towards a different model. At a very simple level, despite the wishes and desires of the state, and whatever assumed benefit a different level of investment would have on remittance recipients in developing countries, until recipients’ basic needs are met, it will be very difficult to re-channel funds received from remittances. The only way to “take advantage” of a remittance market on the national scale may in fact be to divert existing funds to meeting subsistence needs through sustainable development, freeing up money received through remittances for investment.

#### **IV. Conclusion**

Research discussed in this chapter describes the scale, nature, and impact of international remittances. It underlines the importance of remittances to the domestic populations of developing countries. It describes methods researchers have proposed for tapping into the remittance market and channeling the funds it provides for more directed, larger scale development projects, as well as the limitations of these strategies. However, a thorough review of the literature provides little if any description of the conditions of remittance senders, nor the impact that remittance-sending has on their lives away from their home countries. This lack of attention is directly addressed in Ahlburg’s 2000 study of Pacific Islanders, where he suggests that the extent of remittances may send a greater number of people into poverty than estimated by census and income figures. This highlights the tension that exists between an understanding of the effect of remittance-sending on developing countries on one hand, and incomplete knowledge of the sending-side of the entire remittance-market on the other.

## **CHAPTER THREE: BACKGROUND AND CONTEXT**

This chapter provides a brief history of the Dominican Republic with particular emphasis on its political volatility and conflicted relationship with the United States. It details the characteristics of its emigrants, and explores patterns in who came to the U.S., and when, where, and how they settled here. The chapter then turns to the Washington Heights neighborhood in Manhattan, its physical and demographic characteristics, and the roles that Dominican immigrants have played in New York City. Finally, it explores the findings of prior research on Dominican remittances, especially considering the significance of their effect abroad.

### **I. Dominicans in the United States: Migration History, Migrant Characteristics, and Current Profile<sup>2</sup>**

#### **Migration History**

Dominican migration is a fairly recent phenomenon: until the 1960s, there was actually very little emigration from the Dominican Republic, to the United States or elsewhere. Because of this, to understand Dominican immigration in the U.S., it is important to know some Dominican history, especially in the context of Dominican-American relations.

The island of Hispaniola, which is today made up of the Dominican Republic and Haiti, was originally settled by the Tainos – a seafaring Amerindian people that were found throughout the Bahamas and Greater Antilles. With the arrival of Columbus in 1492, Hispaniola became the first Spanish colony of the New World in 1493. The nearly half million Tainos were put to work in the Spanish gold mines, and eventually, were all but wiped out within 50 years of Spanish rule. Despite the decimation of the island's original population, Taino blood lines likely survived through descendants of the mestizo children the Spanish settlers

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<sup>2</sup> History of the Dominican Republic and the history of Dominican migration is largely borrowed from Grasmuck and Pessar (1991) and Levitt (2001)

had with Taino women. Hispaniola's population was further augmented by the arrival of the first African slaves in 1503.

The Spanish maintained sole control of the island until the 1697 Treaty of Ryswick, which as part of a larger agreement among France, England, Spain, and the Dutch, granted France the western third of Hispaniola. The treaty formally divided the island into two colonies - with Saint Domingue to the west, and Santo Domingo to the east. This divide marked the beginning of a "foreign" presence in Santo Domingo, which would struggle for sovereignty and independence over the next 150 years. While its large sugar cane plantations prospered, the two colonial powers fought for control of the whole island. In 1804, the independent nation of Haiti was established on the French portion of the island, and seventeen (17) years later, after fighting off a lingering French presence in the east, the Spanish portion of the island declared its independence from Spain in 1821, calling itself Spanish Haiti. Within months, however, Haiti invaded Santo Domingo, and began its 22-year occupation of the east.

Haiti's occupation ended on February 27, 1844, a date that continues to be celebrated as Dominican Independence Day. Despite its formal break from Haiti, Dominican independence has not been seamless since 1844. Much of this has to do with the United States, and its thinly-veiled interest in the island of Hispaniola. The United States' fascination with the Dominican Republic and the other islands of the Greater Antilles (Cuba, Haiti, Jamaica, Puerto Rico) stemmed from the commercial opportunity and military advantage their proximate location could provide. Not only would settlements in the Caribbean open a gateway to South America for trade, but they also provided strategic defense for the southern portion of the U.S. and protected the U.S. from European interests (military and commercial) in the region. Interestingly enough, in 1861, to protect itself from the United States, the Dominican Republic re-annexed itself to Spain. The annexation only lasted two years, ending in the Restoration War of 1863. In the years of political independence that followed, the Dominican Republic would experience increasing economic dependence on Europe, combined with growing political instability. In 1904, mounting foreign debt and looming pressure from the United States led the Dominican government to



agree to a U.S. Customs Receivership that ultimately gave the United States control over much of the country's finances, and in 1916, in the face of continued instability, the United States began an eight-year military occupation of the country.

U.S. occupation ended in 1924 with the election of President Horacio Vásquez. In 1930, Vasquez's presidency ended, and the period of greatest political and economic stability for the Dominican Republic began, when Generalissimo Rafael Leónidas Trujillo, a powerful and oppressive dictator forced himself into power. Trujillo's reign, characterized on one hand by the modernization of the Dominican Republic, the building of infrastructure, the creation of professional middle class, and the admission of refugees fleeing Europe in the 1930's, was also responsible for the brutal massacre of thousands of black Haitians in the pursuit of *blanquismo* (whitening), the murder of outspoken critics of his regime, and policies which silenced (through violence or otherwise) political opposition.

Trujillo was assassinated in 1961, ushering in a new period of history for the Dominican Republic. Trujillo's death, possibly in-part engineered by the U.S., left a political vacuum that would be filled by a number of interests in the five years that followed as the country moved towards what would become civil war. In 1962, Juan Bosch, a left-leaning Dominican historian and writer who had been in exile in communist Cuba, was elected president. A military coup would unseat him in 1963, and he would be replaced by a civilian junta – the Triumverate - backed by the conservative *Union Civica Nacional*, which in its three-year reign would never stabilize the growing unrest of the population. In 1965, revolution would erupt, and the U.S. intervened, sending 20,000 troops to Santo Domingo to restore order. In the national election the following year, the presidency passed to Joaquín Balaguer, a right-wing, U.S.-backed protégé of Trujillo's, who held the position for three consecutive terms. In 1978, Balaguer lost his bid for a fourth term to Antonio Fernández, who would be followed by Salvador Blanco in 1982. Both Fernández and Blanco were backed by the *Partido Revolucionario Dominicano*, originally organized by Bosch to oppose Trujillo. In 1986, Balaguer was re-elected to the Presidency again and served for ten more years.

The Dominican Republic's dramatic political and social unrest, as well as concerns about Communism's growing foothold there, led the U.S. to significantly increase its quotas for

Dominican migration in the early 1960's. The first migrants were said to have been political refugees concerned about Bosch's communist-leaning political beliefs, and their arrival set off the large-scale Dominican-U.S. migration that would continue unabated through the end of the century. Within 40 years, ten percent of the country's population had emigrated (see Table 3.1 below), seeking economic opportunity in the United States.

**Table 3.1. Dominican Immigrants Legally Admitted to the U.S.**

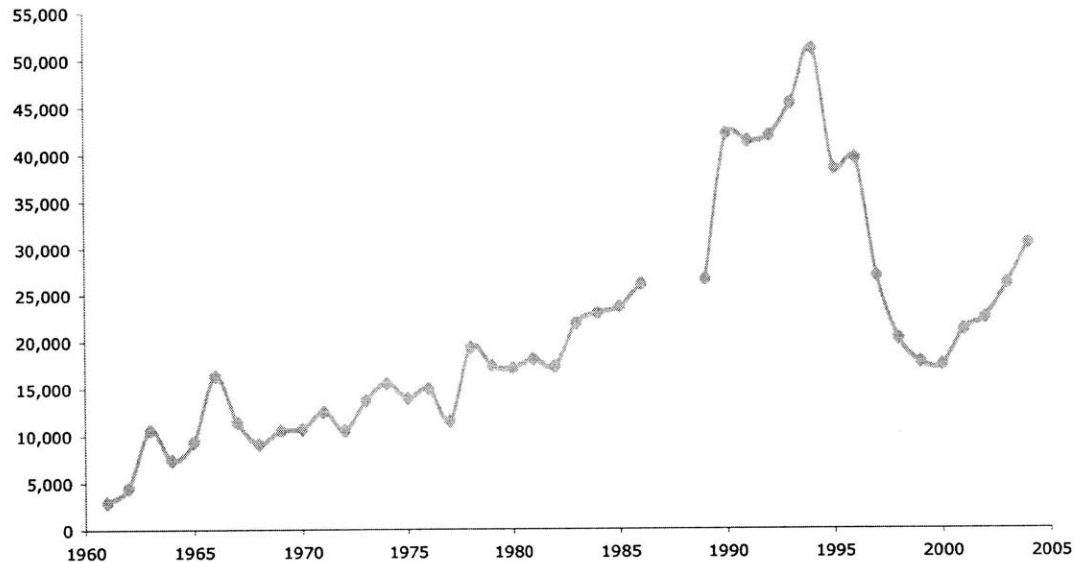
<b>Year</b>	<b>Immigrants</b>
1931 to 1940	1,150
1941 to 1950	5,627
1951 to 1960	9,897
1961 to 1970	93,292
1971 to 1980	148,135
1981 to 1990	252,035
1991 to 2000	335,251

Source: INS, Yearbook of Immigration Statistics: 2004.

Figure 3.1 (following page) shows the number of Dominican immigrants legally admitted into the United States over the 23-year period from 1961 to 2004. What is important to remember when looking at these numbers is that these statistics represent the number of documented, legal immigrants. Estimates for the total number of Dominican-born immigrants to the United States (legal & illegal) would likely reveal much larger numbers because of the large number of undocumented arrivals. Dominican migration to the United States was at its peak in the early 1990s, closely correlated with a period of economic instability on the island in the late 1980s. Dominican migration to the United States decreased significantly starting in 1995 as a result of political reforms on the island and immigration reforms in the United States.

While unstable political and economic conditions in the Dominican Republic led large numbers of Dominicans to seek emigration from their home country over the last four decades, and loosened border policies in the United States allowed for a steep increase in immigration from the Caribbean and Latin America, it is the unique and particular history of Dominican-American relations that may best explain why the United States became the destination for the vast majority of those people leaving the Dominican Republic.

**Figure 3.1. Dominican Immigrants Legally Admitted to the U.S. (1961 to 2004)**



Source: Adapted from Grasmuck & Pessar 1991 and INS, Yearbook of Immigration Statistics: 2004.  
Data not available for 1987 and 1988.

### **Migrant Characteristics**

Studies that have explored the characteristics of Dominican immigrants provide varying stories about the traits and origins of the “typical” or “average” migrant. In the 70s, studies assumed that most Dominican migrants were rural farmers or workers with some land holdings (Hendricks 1974; Sassen-Koob 1979). By the late 70s, studies began to uncover the urban and middle-class origins of many Dominican migrants (Ugalde, Bean and Cardenas 1979). More recent studies confirm the urban origins of a significant number of Dominican immigrants, but emphasize that although members of all classes migrate, most are from the working class (Bray 1984; Georges 1990; Howard 2001). At least one study suggests, however, that despite little conclusive data, there is evidence to suggest a higher number of well-educated Dominicans among migrants than among the non-migrant Dominican population, and that these numbers are actually on the rise. According to this same author,

between 1986 and 1991, approximately 15,000 Dominican professionals emigrated to the U.S., 10,000 of which were undocumented (Guarnizo 1997).

A prominent and well-documented characteristic of Dominican immigrants is the belief that their stay in the U.S. is temporary, and that they will eventually return to the Dominican Republic (Grasmuck and Pessar 1991; Duany 1994; Jones-Correa 1998). When they leave the Dominican Republic, emigrants typically believe that they will be away only for as long as it takes to accumulate enough wealth to purchase property or start a business when they return. While some studies have shown that a significant proportion of Dominican migrants do eventually return (Ugalde, Bean and Cardenas 1979), most indicate that the majority never do (Grasmuck and Pessar 1991; Jones-Correa 1998). One study goes as far as labeling Dominican settlements in the United States as “permanently temporary,” and argues that the “myth of return”, as it is often called, is a key feature in understanding Dominican immigrants in the United States (Grasmuck and Pessar 1991; Andors 1999).

### **Current Profile**

Based on 2000 Census figures, the Dominican population in the United States was 1,111,142. Dominican immigrants represent the eleventh largest foreign-born group, and the fourth-largest Latin American immigrant group in the United States (U.S. Census Bureau, 5% PUMS File). Geographically, most of the Dominican population in the U.S. lives in the Northeast (approximately 82% in 2000) (see Table 3.2). As of the 2000 Census, over half (approximately 59%) of the Dominican population in the U.S. lived in the state of New York, and there are also sizeable Dominican populations in New Jersey, Florida, Massachusetts, Rhode Island, and Pennsylvania (see Table 3.3).

**Table 3.2. The Dominican Population by Region**

<b>Region</b>	<b>Total</b>	<b>Percent of Total</b>
United States	1,111,142	100.0
Northeast	912,010	82.1
Midwest	19,304	1.7
South	157,672	14.2
West	22,156	2.0

Source: Adapted from MPI 2004; from Census 2000 5% PUMS File

**Table 3.3. States with the Largest Dominican Populations**

<b>State</b>	<b>Total</b>	<b>Percent of Total</b>
United States	1,111,142	100.0
New York	638,578	57.5
New Jersey	134,421	12.1
Florida	109,705	9.9
Massachusetts	75,986	6.8
Rhode Island	26,254	2.4
Pennsylvania	19,556	1.8
Connecticut	15,261	1.4
California	12,118	1.1
Texas	8,986	0.8
Maryland	8,947	0.8

Source: Adapted from MPI 2004; from Census 2000 5% PUMS File

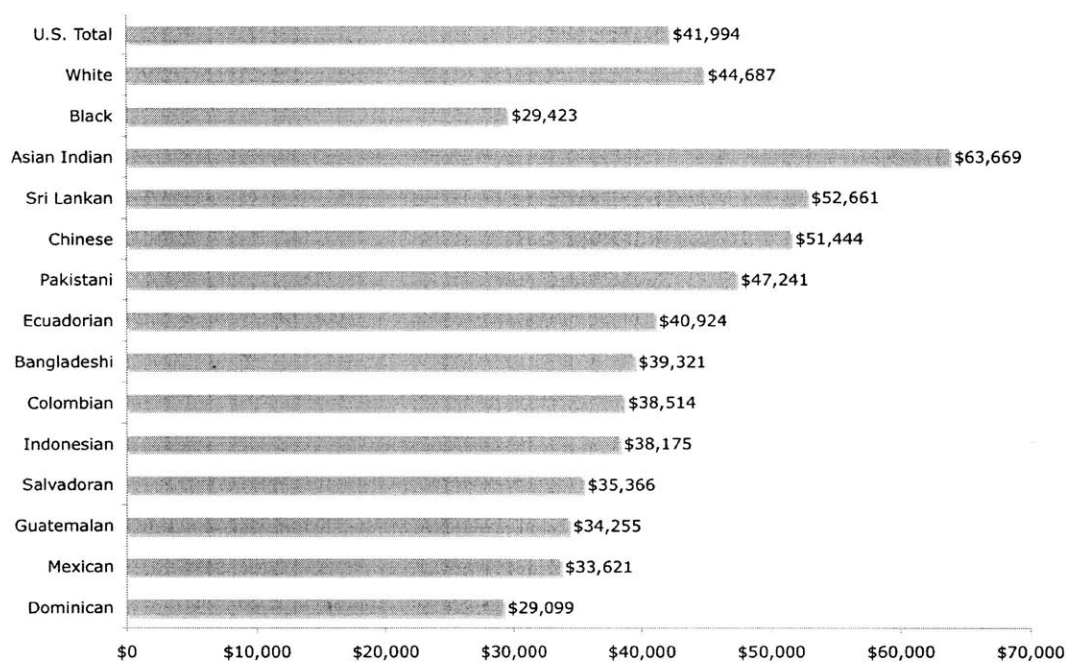
A 2002 study by Castro & Boswell, which looked at Current Population Survey data for the combined years of 1997-2000, provides the following additional demographic information on the U.S. Dominican population:

- 53.8% female, 46.2% male
- 56.6% foreign born; 43.6% born in the U.S. (including Puerto Rico)
- 22.9% under age 10; 44.2% under age 20; 6.6% over 60 years of age
- 48.1% did not finish high school; 42.3% graduated high school but not college; 9.6% are college graduates
- 62.5% have been in the US since 1989; 37.5% entered the US between 1990 and 2000
- 67% of the foreign born have not taken out US citizenship; 33% have been naturalized

Studies describe an adult U.S. Dominican immigrant population that is largely foreign-born, not well-educated, not well-off, not naturalized as United States citizens, and concentrated in largely urban settings in a very few regions of the country. These Dominican immigrants have lived in the United States for ten, twenty, or thirty years, their children were born here and perhaps their grandchildren were born here, but still many plan on returning to retire in the Dominican Republic. Economic data suggests that Dominicans represent one of the

lowest income groups in the United States. Compared to other Latin American immigrant groups in the United States with large remittance markets (Mexican, Salvadoran, Colombian, Guatemalan), U.S. Dominicans' 1999 median household income of \$29,099 (69% of the U.S. median household income) was the lowest (see Figure 3.2 below). Furthermore, the average annual per capita household income for the Dominican population (\$11,065) was about half of that of the average household in the United States.

**Figure 3.2. Comparison of Median Income in 1999 Across Select Groups**



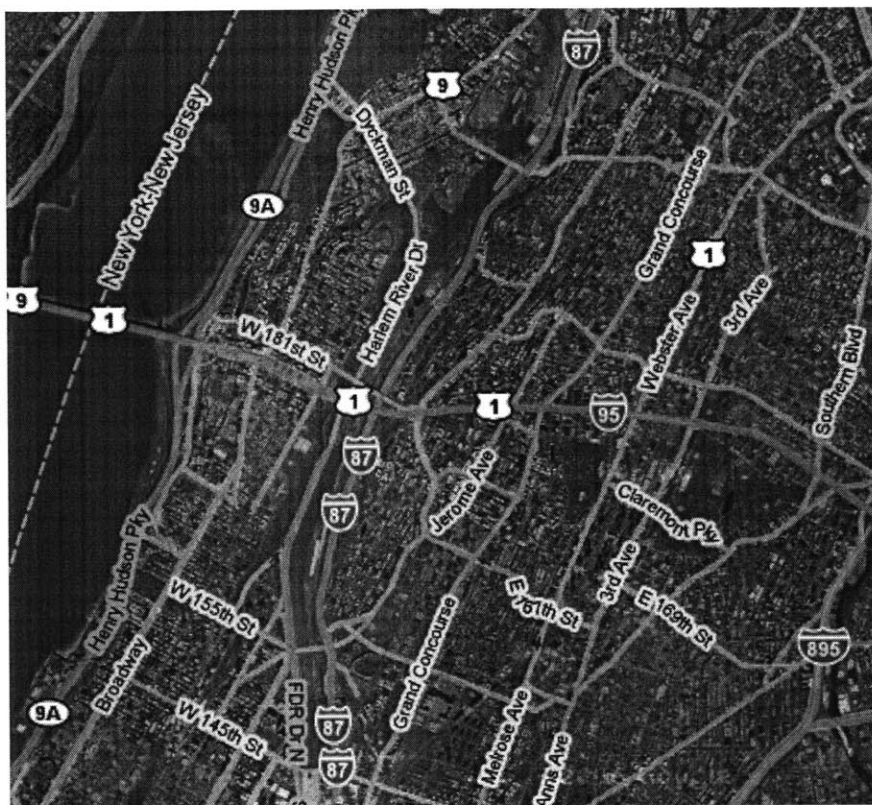
Source: U.S. Census 2000, Summary File 4.

## II. Washington Heights, New York City: A Neighborhood Profile

The Washington Heights neighborhood of Manhattan is bounded to the south by 155<sup>th</sup> Street, to the north by Dyckman Street, and runs from the Hudson River on the west to the Harlem River on the east (see Figure 3.3 on next page). It is a dense (according to the 2000 Census - 167,128 residents over approximately 1.75 square miles) predominantly residential area with a few commercial corridors along Broadway and St. Nicholas Avenue. The

northern edge the neighborhood boasts the stunning Fort Tyron Park and the Cloisters, but beyond the open spaces, there are few street trees dispersed throughout the neighborhood. Most of the housing stock is made up of brick five-story pre-war buildings with more than ten units. Washington Heights is characterized by the steep slope, which rises from its base at 125<sup>th</sup> Street to its apex at 183<sup>rd</sup> Street.

**Figure 3.3. Washington Heights**



Source: Google Maps

The vast majority (74%) of Washington Heights residents are Hispanic; more than half are foreign born (U.S. Census 2000). With 90,300 foreign born residents in 2000, it was the New York City neighborhood with the largest number of immigrants (U.S. Census). Today these numbers might be slightly lower. In recent years, Washington Heights' affordable and spacious housing stock, combined with the growth of Columbia-Presbyterian Hospital to the

south and Yeshiva University to the north, have led to an influx of young white professionals. Long-term residents have felt the pressures of increased rents and have begun to move out.

The majority of the Hispanic population in Washington Heights is Dominican. Outside of Santo Domingo, the capital of the Dominican Republic, Washington Heights has the largest settlement of Dominicans in the world. The Dominican presence in the neighborhood is so strong that the neighborhood is often called “Quisqueya Heights” -- *Quisqueya* being the native Taino name for the island of Hispaniola (Dominican Republic and Haiti). A variety of Dominican-owned businesses, including *bodegas*, restaurants, money-transfer companies and travel agencies, cater to the needs of Dominican residents and the larger Hispanic community. Spanish is by far the most commonly heard language on the street and in stores, and for many Dominicans (who live in the neighborhood, or just come to visit), Washington Heights is the closest thing to being back home that exists, without actually going back.

Despite its lively commercial activity and vibrant street life, Washington Heights is plagued by many of the issues that affect inner-city neighborhoods across the United States, including high levels of poverty, unemployment and overcrowding. As shown in Table 3.4 below, when compared to New York City as a whole, the Washington Heights

**Table 3.4. Comparative Demographic Indicators**

	<b>Washington Heights</b>	<b>New York City</b>	<b>Dominican Republic</b>
Below poverty level	30%	15%	25%
Unemployed	15%	6%	17%
Overcrowding	45%	15%	-
H.S. graduates or higher	55%	72%	38%*

Source: U.S. Census Bureau, 2000 Census SF3 File

\*Percentage of those who go beyond 8th grade; School is obligatory until grade 8

neighborhood has a less educated population, more people living below the poverty line, higher rates of unemployment, and significantly more overcrowding (due to both general housing density and the over-taxing of housing stock given more than one person per room). Although Dominican migrants come to the United States in search of higher wages,



increased opportunities and improved living standards, those who settle in Washington Heights find that they may be significantly better off than their counterparts in the Dominican Republic, their actual neighborhood reflects conditions not that different from those of their home country - where 2005 estimates placed the unemployment rate at 17% and the percent of residents living below poverty at 25% (The World Factbook, CIA 2006).

### **III. Dominicans in New York City**

In 2000, New York City's foreign-born population of 2.87 million represented 36% of the city's population of 8 million. New York's City's 369,200 foreign-born Dominicans represented the city's largest group of foreign-born residents, (13% of its foreign-born population), 100,000 more than the next largest group (China, with 262,600). Dominicans also comprise one of the largest Latino populations in New York City, second only to Puerto Ricans (Reynoso 2003). Of the Dominican population in New York City, women outnumber men, the average age at arrival is 22 and most have 8 years of education (Pessar 1987). The Dominican population in New York City is concentrated in a few neighborhoods, including Washington Heights in Manhattan, Corona in Queens, Greenpoint in Brooklyn and Soundview in the Bronx.

Dominicans are among the poorest immigrant groups in New York City. A 1997 study by Columbia University's Latino Studies Program and City University of New York's Dominican Studies Institute at City College entitled *Dominican New Yorkers: A Socioeconomic Profile*, 1997 revealed that Dominicans have the lowest income of any major ethnic or racial group in New York City (Reynoso 2003). Unemployment rates among Dominicans in New York City are also higher than those of the overall population. A 1996 study found that while unemployment rates for the city were at 8-10%, the unemployment rate for Dominicans in the City was 11% (Rivera-Batiz 1997).

A more positive, promising side of the Dominican population in New York is its involvement in entrepreneurial activities, business ownership, education, and in more recent years, local politics. Dominicans own a variety of businesses throughout the city, including restaurants, travel agencies, hair salons, laundromats, and money-transfer companies. The vast majority of New York City's *bodegas* are Dominican-owned (Portes and Guarnizo 1990).

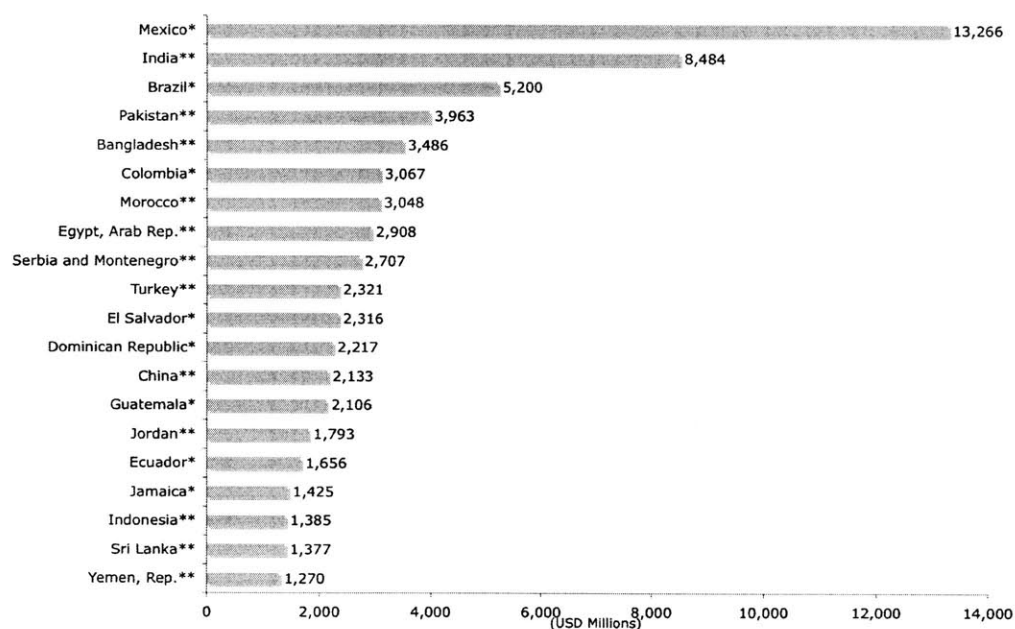
Dominican hair salons throughout the city have well-established reputations and are frequented not only by Dominican and Hispanic women, but also West Indian and African-American women. Dominicans who do not find employment in the formal employment sector, or who can not make ends meet with only their primary job, often become part of an extended network of self-employed Dominicans who make a living by driving livery cabs, making household repairs, baking out of their homes, or taking care of children – jobs that primarily serve the New York Dominican community. These types of jobs are so prominent in the Dominican community that unemployment and poverty rates may not accurately reflect real conditions. Recent research also points to the importance the Dominican community in New York City places on education. Dominicans have higher school enrollment and high school retention rates than other minority groups, and since 1980, the proportion that attained some college education rose from 31.7% to 55.1% in 2000 (Hernández and Rivera-Batiz 2003).

Another identifying feature of the Dominican population in New York City is its strong transnational connections. It is a community with a variety of complex ties to the Dominican Republic and New York City. The flight from John F. Kennedy Airport to Santo Domingo, Dominican Republic is just over three hours. Proximity and the emergence of discounted airfare through airlines like JetBlue have created the possibility of regular, dependable visits -- 50% of Dominicans living in the United States travel home to visit at least once a year (MIF 2004). Dominican immigrants in New York travel back home for social, political, and economic reasons (Guarnizo 1997). Many own property and businesses in the Dominican Republic. They are very involved in Dominican politics and make trips back home for elections. In fact, it has become common for Dominican presidential candidates to campaign in New York City. These transnational connections extend to the U.S.-born Dominican population as well. It is not uncommon for Dominican-American children to spend summer vacations with relatives on the island or for troubled youth to be sent to school in the Dominican Republic in the hopes of improving behavior. These transnational connections are so strong that some characterize the Dominican population in New York City as having *el cuerpo aquí y el alma allá* (the body here and the soul there) (Interview 1/18/05).

#### IV. Prior Research on Dominican Remittances

As shown in Figure 3.4 below, the Dominican Republic is one of the largest remittance-receiving countries in the developing world. A 2004 study by the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IADB) reported that the Dominican Republic received approximately \$2.7 billion in remittances from the estimated two million Dominican migrants around the world. This would make the Dominican Republic the fourth largest remittance market in Latin American and the Caribbean (after Mexico, Brazil, and Colombia) and, given its population of 8.4 million, the third largest per capita recipient after Jamaica and El Salvador (MIF 2004).

**Figure 3.4. Top Remittance Recipients**

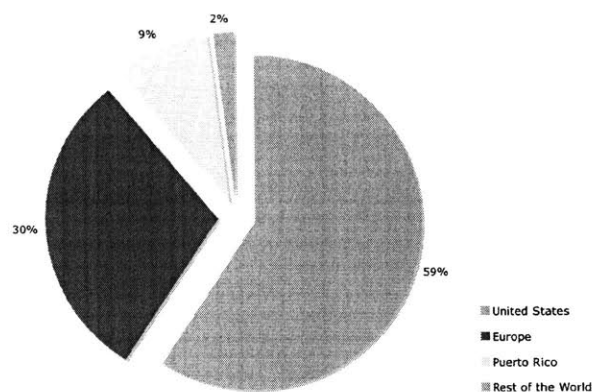


Source: From Suki 2004. \*2003 IADB estimates. \*\*2003 World Development Indicators Data.

Of the Dominican Republic's total remittances for 2004, the survey found that approximately \$1.6 billion (59% of its total remittance market) is sent from the United States. Of that amount, Dominicans living in New York metro area were responsible for close to \$1 billion. This amount represents just over 2% of the 1999 aggregate household

income for Hispanic households in the New York metro area (U.S. Census SF3 Data). Figure 3.5 below details the breakdown of Dominican remittances by sending-region.

**Figure 3.5. Origin of Dominican Remittances**



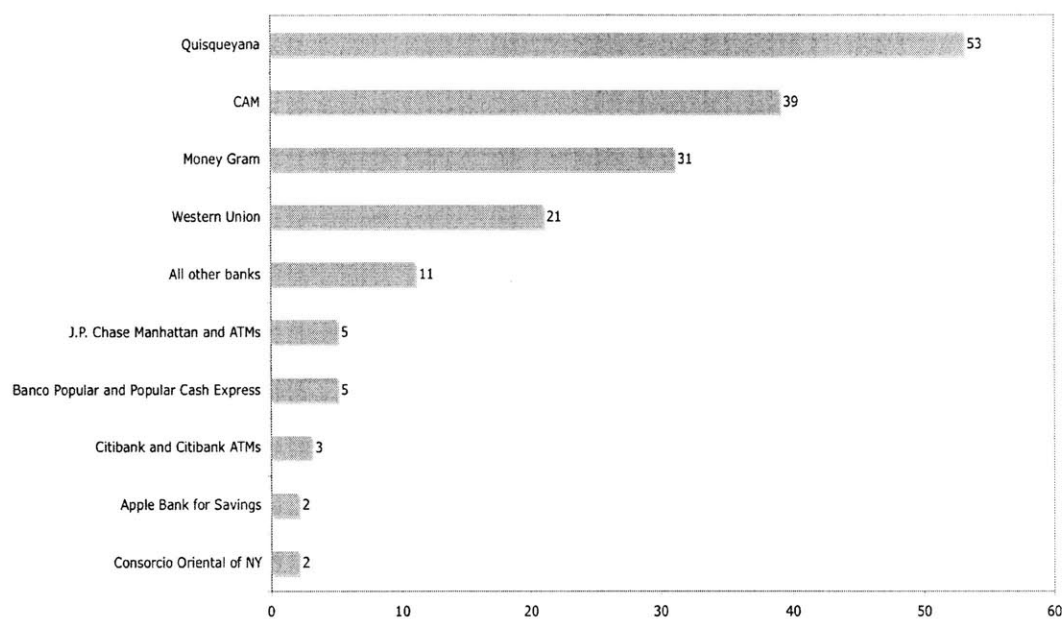
Source: Adapted from Suki 2004.

The 2004 MIF study found that more than 70% of Dominican workers living abroad regularly send money back home. Migrants typically send between \$135 and \$165 at a time, slightly lower than average for the Latin American and Caribbean region. However, Dominicans typically send money more frequently and to more people – twelve to fifteen times per year, to two people on average (MIF 2004; Suki 2004). Given the comparatively low-income levels of many Dominican immigrants (often less than \$20,000 a year), this level of remittance represents a substantial commitment to family abroad (MIF 2004).

Remittances from the United States to the Dominican Republic travel primarily through wire transfer services offered by companies like Western Union, MoneyGram, La Nacional and Quisqueyana. In fact, in Dominican enclaves like Washington Heights, money transfer companies far outnumber banks and automatic teller machines combined (see Figure 3.6 on the next page). These companies hold more than 80% of the Dominican remittance market (Orozco 2004). Despite the ubiquity of these services, the fees charged to send money to the Dominican Republic vary greatly (from 1.3% to 8.3% of the amount sent). In general,

the cost of sending money to the Dominican Republic is higher than it is for other countries in Latin America and the Caribbean, although in places like New York City with a high Dominican population, fees have generally decreased since 2003 because of competition (Orozco 2004; Suki 2004).

**Figure 3.6. Bank Branches and Money Transfer Companies in Washington Heights**

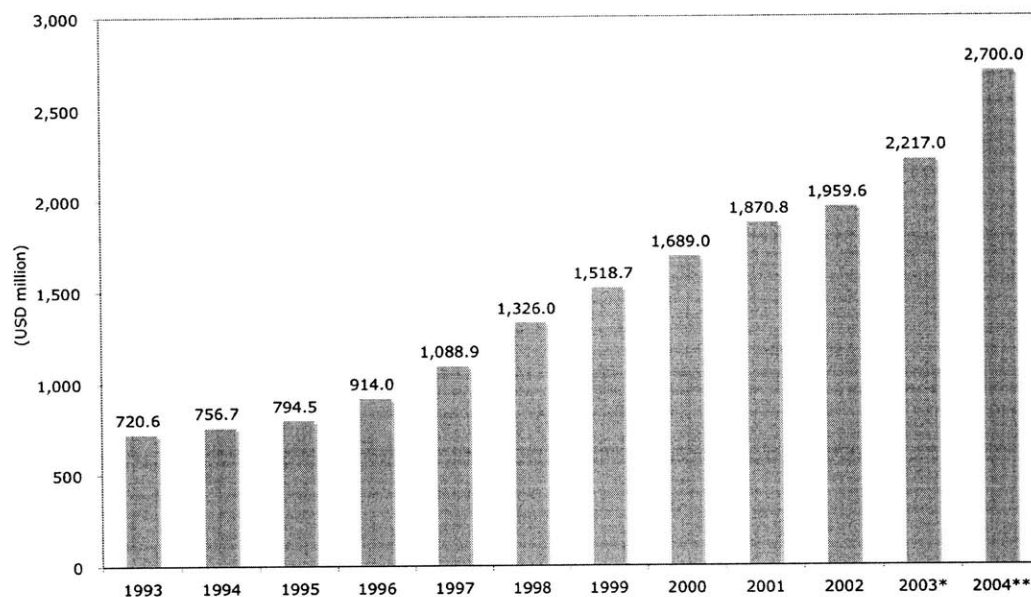


Source: Adapted from Suki 2004; \*New York City zip codes 10031, 10032, 10033, 10039, 10040

On the receiving side, the study found that about 1.2 million households in the Dominican Republic receive between \$1,500 and \$2,000 in remittances each year, and that another 700,000 adults receive regular remittances, though amounting to less. (MIF 2004). The scale of these remittances becomes clear when one considers that more than one million remittance-receiving families in the Dominican Republic have household incomes of less than \$3,500, and the remittances they receive make up about half of their total yearly income. A 1990 study found that 1/3 of the income in a Dominican village was generated by remittances sent from the United States (Georges 1990). As with research on other remittance-receiving communities, studies have confirmed that remittances received by the Dominican Republic go primarily (60%) towards household consumption and daily

expenses, then to education (17%), and the rest towards business and property investment (10%), savings (5%) and luxuries (6%) (MIF 2004).

**Figure 3.7. Dominican Republic Remittance Inflows (1993 to 2004)**



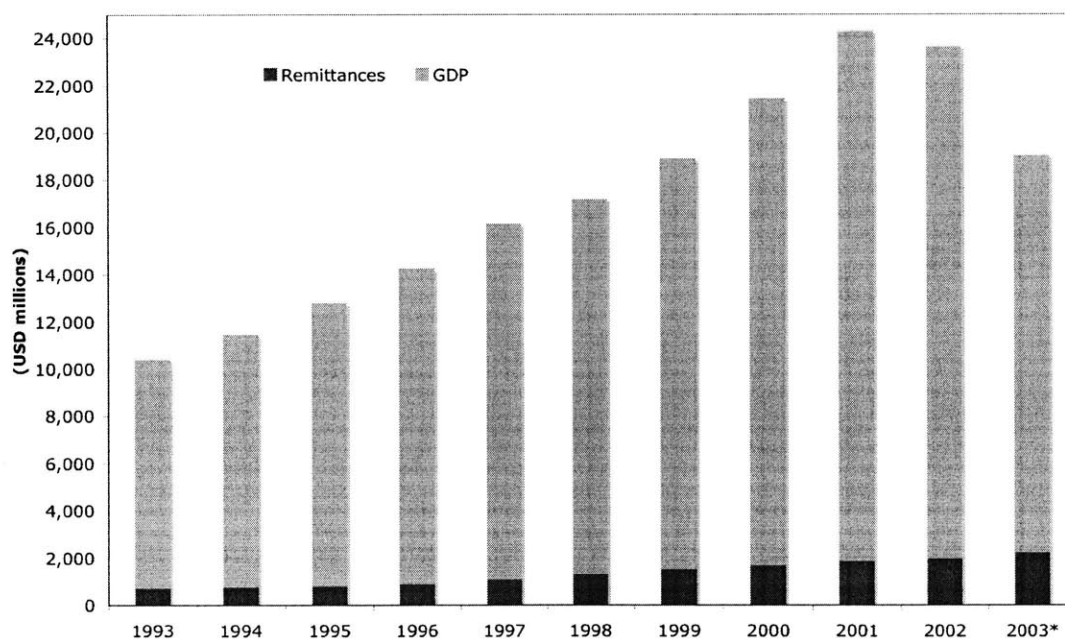
Source: From Suki 2004; Inter-American Development Bank, Central Bank of the Dominican Republic;  
 \* 2003 IADB Estimates \*\* 2004 IADB forecast

In recent years, remittances to the Dominican Republic have received increased attention because of their volume and their impact on the country's economy. In the period between 1993 and 2003, worldwide remittances to the Dominican Republic more than tripled. Figure 3.7 above shows the amount of remittances received in the Dominican Republic from 1993 to 2004. During this time, remittances to the Dominican Republic have grown at an average annual rate of 12%. The growth of Dominican remittances as shown in Figure 3.7 is reflective of increased flows of money as well as improvements in remittance data tracking and collecting (Suki 2004).

Dominican remittance flows have had a strong and clear impact on the Dominican economy. By 1989, remittances equaled the sum of the top three Dominican exports (sugar, coffee and tobacco) (Georges 1990). Today, remittance flows represent 13% of the Gross

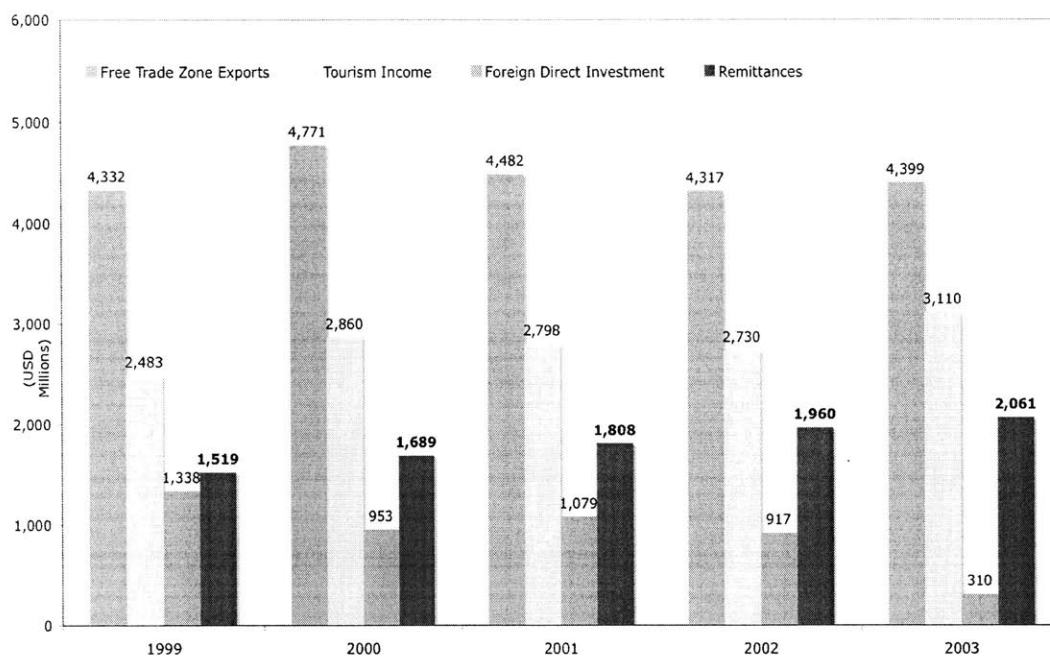
Domestic Product, exceeding foreign direct investment. Tourism is the only independent industry that annually outperforms remittances (see Figures 3.8 and 3.9). Despite the fact that remittances are received by individuals and are not formally integrated in to the larger economy, the Dominican government recognizes the role they could potentially play in alleviating poverty, and fueling the country's economy through consumerism, property ownership and business creation. Given the scale and significance of the Dominican remittance market, prior research has repeatedly recommended that the Dominican government get involved in regulating the cost of remittances, and more importantly, help remittance-receivers invest the money they receive in local, domestic development.

**Figure 3.8. Remittances as a Percentage of Gross Domestic Product (GDP)**



Source: From Suki 2004; Central Bank of the Dominican Republic;  
 \* IADB 2003 estimates for worker remittances.

**Figure 3.9. Main Sources of Foreign Exchange Compared (1998 to 2003)**



Source: From Suki 2004; Central Bank of the Dominican Republic, Balance of Payments

## V. Conclusion

In general, Dominicans in the United States are new immigrants, fairly poor, not very well-educated, and experience higher unemployment than most immigrant communities. Dominican immigrants tend to live and enjoy living in Dominican communities, where it is easier for them to maintain their very strong ties, not just to being Dominican, but to the Dominican Republic as well. Their connections to their families and homeland, the unstable political and economic conditions abroad, and the dependence of non-emigrant Dominicans on foreign aid have led to a well-entrenched, extensive remittance market. Although the opportunities that exist in the United States, especially when compared to the lack of opportunities in the Dominican Republic might lead Dominican immigrants to consider long-term investment here in the United States, the “myth of return” that looms so powerfully for many Dominican immigrants often keeps them from imagining a future as Americans. Research suggests that a wider understanding of the real permanence of many



Dominican immigrants might lead to a shift in remitting patterns in favor of some domestic investment for a present and a future here in the United States.



## **CHAPTER FOUR: DATA RESULTS AND SIGNIFICANT FINDINGS**

This chapter opens with the retelling of the personal story of one of the respondents to this study. While Manuel's story is not strictly representative of those of other interview subjects, it captures some of the unique realities of the Dominican immigrant, and in so doing encapsulates many of the study's significant findings and provides a coherent introduction to the themes and issues that will be described herein. The main body of the chapter summarizes and analyzes the data collected from the personal interviews that were conducted as a part of this research. The preliminary part of the analysis is predominantly descriptive and qualitative, and presents information on the basic characteristics and histories of the interview subjects. It then goes on to describe different facets of their remittance-sending practices, and the perceived effect of sending or not sending remittances. Finally, the chapter closes with a presentation of the significant findings of this study.

### **I. Manuel's<sup>3</sup> Story**

Manuel is a 65-year-old man from La Vega, a densely populated, mountainous province in the interior of the Dominican Republic. He moved to Washington Heights in 1974 when he was 34 years old and has been there ever since. To gain entry into the United States, Manuel arranged a marriage with a Dominican woman who was already a U.S. citizen. In the Dominican Republic, Manuel worked as a police officer under Trujillo's regime. In the United States, Manuel is on the nighttime maintenance staff of a prestigious New York City private school. Manuel has had this job for 20 years and was just two weeks from retirement at the time of the interview. He speaks proudly about not having been unemployed for a single day of his time in the United States. His \$37,000 a year salary supports his family of three in New York City and his mother and siblings in La Vega. Manuel lives with his wife and youngest daughter in a 1<sup>st</sup> floor apartment in the heart of Washington Heights. Because

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<sup>3</sup> Name has been changed to preserve privacy.

he's been in the same apartment for many years, he pays only \$500 rent per month, plus utilities. The rest of his money goes towards food, his family's daily expenses, his daughter's education, and the remittances he sends back home.

Manuel has been sending money to his family in La Vega since he arrived in the United States. Today, his remittances amount to at least \$200 at the end of each month, and he sends additional money for medical emergencies and holidays. Manuel says that the Christmas season is the hardest, when he sends as much as \$1000. While Manuel recognizes that his family in La Vega has very little without the money that he sends, he feels that over the years the commitment to send this money has made it so that he has very little to show for all of his hard work. He also adds that while he sends his family in the Dominican Republic as much money as he can, he feels like they never think it is enough. Manuel feels that there is a lot of pressure on Dominicans in the United States to improve not just the economic condition of their families in the Dominican Republic but also the Dominican economy as a whole. At retirement, Manuel plans to return to La Vega to live in the *rancho* (one room home) that he built a few years ago. While Manuel looks forward to being back in the Dominican Republic, he admits that because his three children are in New York City and the medical care is better in the United States, he imagines he will have to split his time between the two countries.

## **II. Respondent Characteristics**

For the purposes of this study, 27 subjects were interviewed in the Washington Heights neighborhood of Manhattan. Subjects for the study were asked to participate through their connection to the *Alianza Dominicana*, known residents in Washington Heights, or contact through other respondents.

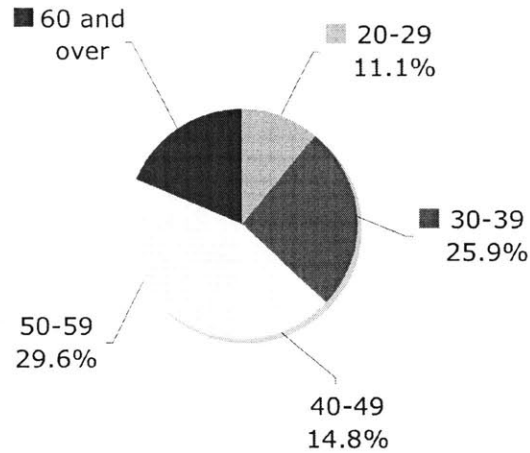
### **Age and Gender**

Although the interview subjects were not chosen to represent a specific range of gender and age, in total, the study respondents reflect a fairly good distribution in both areas. Just over half of the interview subjects were women (51.9%), closely in line with the gender distribution of the Dominican population in the U.S. (53.8% female, 46.2 male%). The average age of the interview subjects was 46.5, but the largest groups of respondents were

50-59 and 30-39 year-olds, 29.6% and 25.9% respectively (See Figure 4.1 below). Overall, the vast majority of the interview subjects were 40 years of age or older (73.0%).

**Figure 4.1. Respondents' Age**

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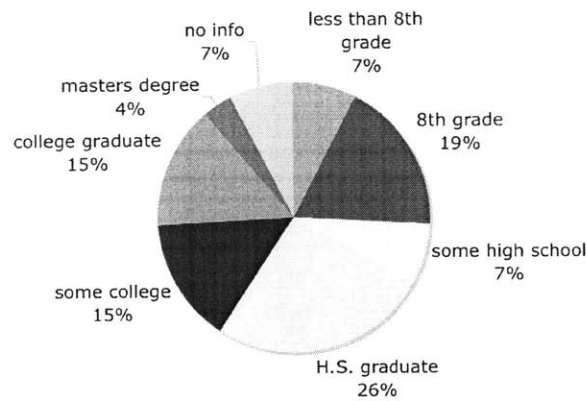


### **Education**

The majority of interview subjects were high school graduates or higher (60%), while 33% did not finish high school. On average, study respondents completed 12.5 years of schooling (see Figure 4.2 on next page). The sample represents a more highly educated grouping than that found in a 2002 survey by Castro & Boswell, where 48.1% of their sample of Dominican immigrants did not finish high school. This difference could be attributed partly to the fact that the interview subjects were obtained through networks where one person would recommend another family member or friend to be interviewed – it would make sense that people might be connected to others at a similar level of education.

**Figure 4.2. Respondents' Highest Level of Education**

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### **Origin and Employment in the D.R.**

The majority of interview subjects (88.9%) were from one of the eight largest towns/cities in the Dominican Republic (Santo Domingo, Santiago, San Francisco de Macorís, San Cristobal, Puerto Plata, and La Vega) (see Figure 4.3 on next page). Specifically, more than half (62%) were from one of the four largest cities in the country. These numbers confirm previous research about the urban origin of Dominican immigrants.

In terms of employment in the Dominican Republic, 85% of the interview subjects were of age to have entered the workforce before emigration. Of this grouping, less than half (43%), primarily male, were employed in the Dominican Republic. Of the eleven (11) women who were interviewed who would have been of age to work in the Dominican Republic, only one had been employed, and she owned her own business. This could have been because in the Dominican Republic, the women interviewed were at home caring for children, were not expected to work, were not able to work because there were limited job opportunities or were in still in school.<sup>4</sup> Of the men interviewed, 75% had been employed in the Dominican Republic. They worked in commerce, administration, public service, transportation, law enforcement or agriculture. It is important to note that many of these jobs were

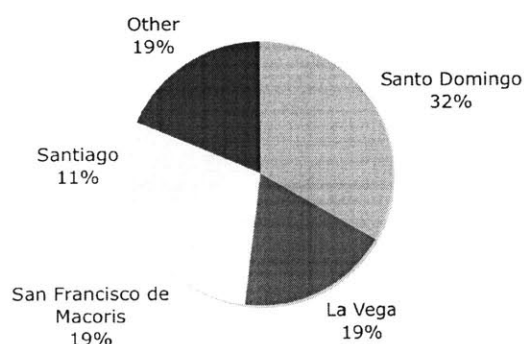
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<sup>4</sup> Because much of my focus was on life in the United States, I did not ask respondents as to the specifics of why they were not employed in the Dominican Republic.

government-related, and their original placements may have come through connections to the specific political party that was in power at the time.<sup>5</sup> This may suggest that their emigration might have been spurred by unemployment that resulted from a transfer of political power.

**Figure 4.3. Dominican City/Town of Origin**

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### **Immigration to the U.S.**

Interview subjects have lived in the United States for 2 - 43 years with a median of 17 years. The largest grouping (23%) arrived 11-15 years ago, which corresponds to the period of the highest inflow of Dominican immigrants (1991-1995) as discussed in Chapter 3 (see Figure 4.4 on next page). None of the respondents entered the U.S. in the period between 1981 and 1986. Subjects' average age at arrival was 27.2 years, and the largest group of respondents (41%) came to the United States in their 20s (see Figure 4.5). None of the interview subjects arrived in their 40s. Of the people interviewed, the vast majority (77.8%) came to the United States for economic opportunities, while the rest stated having less control in the decision to emigrate. Some of the subjects who emigrated in their youth said they came here because their family brought them, and some women said they came because their husband decided to emigrate. One-third of the respondents came to the United States

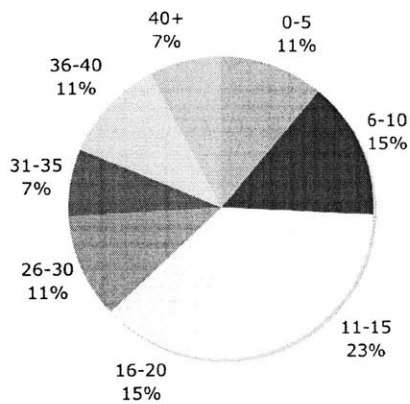
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<sup>5</sup> At least two respondents mentioned having jobs in the D.R. through these types of connections.

alone, while the majority (70%) had their emigration sponsored by a relative (family or spouse) (see Figure 4.6 on next page). All respondents reported being in the country legally, although some mentioned having initially overstayed their visitor's visa. Thirty-seven percent (37%) of the respondents were American citizens.

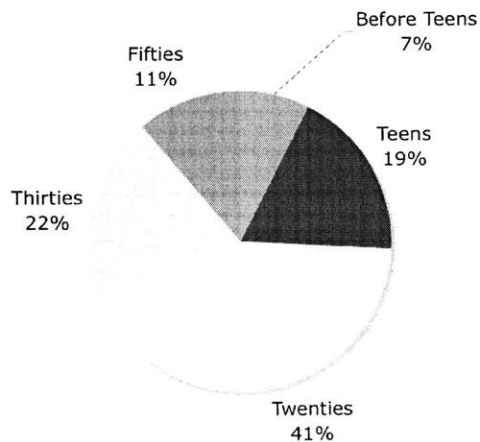
**Figure 4.4. Number of Years in the U.S.**

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**Figure 4.5. Age at Arrival to U.S.**

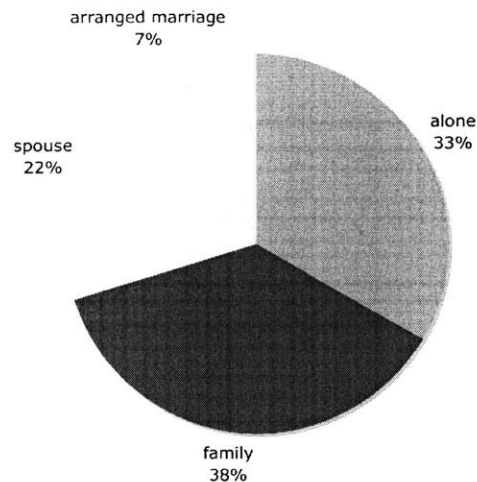
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**Figure 4.6. Companions During Immigration**

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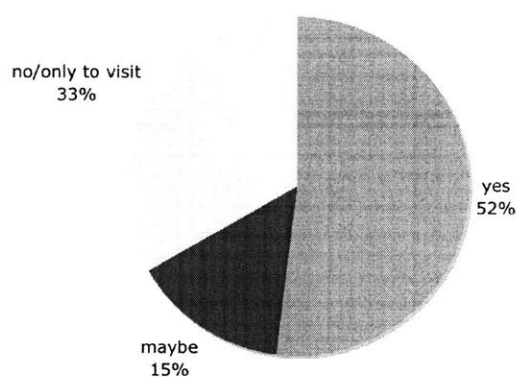


Reflecting previous research on Dominican immigrants, the majority of interview subjects in this study (52%) planned or hoped to return to the Dominican Republic permanently at some point in the future (see Figure 4.7 on next page). As one subject explained, “We came to leave. I came yesterday, to leave today.” With one exception, all respondents who came to the United States in their 30s and above, regardless of how long they had been in the United States, planned to return to the Dominican Republic upon retirement, or as soon as possible. As became clear over the course of the interviews, this idea of returning home to the Dominican Republic is not as simple a notion as it may seem. Many of the interview subjects who hoped to return to the Dominican Republic also talked about not feeling completely “at home” when they went back, and knew that their medical needs might not be able to be met in the Dominican Republic. One man described feeling “antsy in both places” as if he were not from here or there. He explained, “We have transculturalized, and it’s very complicated.”

Conversely, regardless of how long they had been in the U.S., those study respondents who immigrated in their 20s or younger were more likely to report that they would probably not move back to the Dominican Republic. Only 1/3 of interview subjects who emigrated in their twenties or younger reported that they wanted to move back to the Dominican Republic at some point. These findings would suggest that age at emigration, much more than length of time in the U.S., has a significant impact on how attached or settled an immigrant feels in a new country.

**Figure 4.7. Plans to Return to the D.R.**

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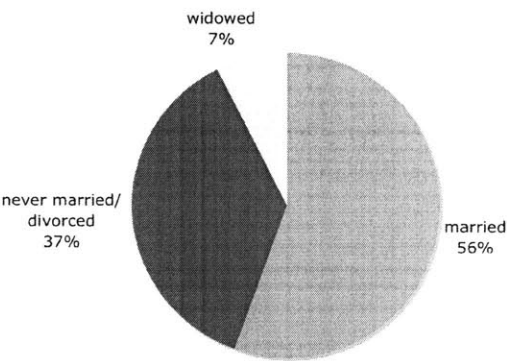
### **Marriage, Children and Family**

More than half (56%) of the interview subjects were married (see Figure 4.8 on next page). All but two (93%) of the subjects had children. Respondents had, on average, 2.7 children, and most commonly (37%), two children (see Figure 4.9). The three subjects with more than four children were all men who were either never married, or divorced with children in both the Dominican Republic and the United States. This may indicate that these men had children with more than one woman, or even had more than one family. All interview subjects reported having at least one close relative (spouse, parents, children, siblings) in the

United States and also in the Dominican Republic. As discussed along with the remittance theories presented in Chapter 2, the presence of close relatives in one’s home country significantly affects the likelihood of remittance sending.

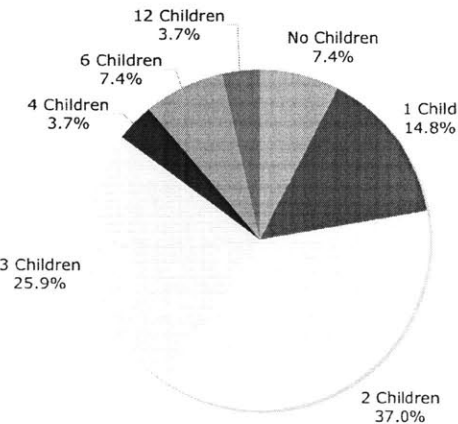
**Figure 4.8. Respondents’ Marital Status**

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**Figure 4.9. Respondents’ Number of Children**

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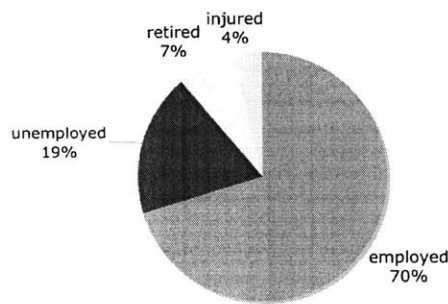


## Employment and Income

Of the 27 individuals interviewed for the study, five (19%) were currently unemployed (see Figure 4.10 below). The high unemployment rate of the sample could be attributed to the fact that some of the subjects were met at *Alianza Dominicana's* office where services that would be useful to unemployed community residents are offered at no cost. This fact may also contribute to the fact that more than 20% of the interview subjects were on some form of public assistance, including welfare, Medicaid or supplemental security income (SSI). Of those who were employed, a wide variety of types of jobs were represented, including health care, social services, construction, manufacturing, academia, personal services (beauty, travel, etc) and maintenance.

**Figure 4.10. Respondents' Current Employment Status**

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The median annual salary for queried subjects<sup>6</sup> was \$19,000 and the vast majority (72%) earned less than \$25,000 (see Figure 4.11 on next page). While (for the reasons suggested above) the high unemployment rate and low median income of this sample may not accurately reflect the larger Dominican community in Washington Heights, it is important to remember that despite their income or working status, all of the respondents regularly send remittances to the Dominican Republic. If even this low-earning segment of the population sends regular remittances abroad, it should give us a sense of the importance of the (implicit or explicit) commitment to family overseas, and how prominently this obligation plays in the

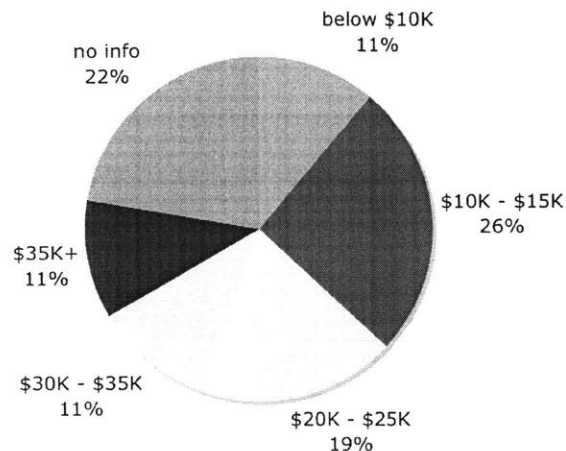
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<sup>6</sup> Because I was concerned that questions about earnings would make interview subjects uncomfortable, only 21 out of 27 respondents were asked about their yearly salary.

financial picture of Dominicans living in the U.S., who struggle daily to meet their dual responsibilities.

**Figure 4.11. Respondents' Yearly Salary**

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It is important to consider the possible discrepancy between what respondents reported earning and what they actually earn in a given year, especially for those who are self-employed or work in local businesses. On more than one occasion during the interviews, respondents made it very clear that what they actually made was slightly different from what they reported to the government for tax purposes. Although there is no way for me to test this hypothesis or gauge how much people might really be making, my assumption is that this gap in reporting was true for more people than those that actually mentioned it.

#### **Connection to Washington Heights**

A majority of the interview subjects (70%) have lived in Washington Heights and only Washington Heights since their arrival to the United States. A handful of the respondents (15%) mentioned having lived in other U.S. cities including Boston, Massachusetts and Providence, Rhode Island. All reported enjoying living in a predominantly Dominican neighborhood like Washington Heights and only three (3) said they would move if they had the opportunity to do so. Subjects indicated that Washington Heights felt like the

Dominican Republic and was the most comfortable place for Dominicans in the City. They liked having access to Dominican products, living near family and friends, and being well connected to the rest of the New York metro area by public transportation and highways.

Several respondents mentioned that they would have to move to the Bronx if the rents kept increasing, and feared that their landlords might want to push them out to get higher-paying tenants. There was a lot of awareness of the changing nature of the neighborhood. When asked what they disliked or would like to be different about Washington Heights, only some of the older subjects had a response. Many of the responses had to do with what one subject called being “from a different generation that was calmer and more respectful. They talked about the behavior, “cultural level” and the interactions of the younger people in Washington Heights, and complained about the noise, drugs and kids on the street. More than one respondent said that it was difficult to raise children in Washington Heights and another mentioned that the less respectful interactions and behavior of people that is seen in Washington Heights is now becoming commonplace in the Dominican Republic because of the pervasive influence of American culture.

### **Living Conditions**

All of the interview subjects lived in apartments. Twenty-six percent (26%) of the respondents lived in rented rooms that were part of larger apartments. Some subjects rented rooms from family members, others shared an apartment with other renters. Most of the respondents living in room rentals lived alone in the room; some shared the space with their spouse and/or children. This dividing up of living spaces to accommodate more people and pay lower rents is a fairly common practice in Washington Heights. Two subjects mentioned the possibility of renting out rooms in their apartment if rents increased any more. One respondent said that he, his wife and children could live in one of their bedrooms in order to get income from the bedroom that his two children were currently sharing. Another woman said that her rent was about to increase and that her landlord was trying to get her out because she has been in the same apartment for a long time -- if she left, he could get a higher-paying tenant. She planned on renting out her living room so that she would have enough money for the increased rent. Respondents paid between \$265 and \$500

per month for room rentals, with the most common rental rate being \$100 per week. Of those interview subjects who lived in self-contained apartments<sup>7</sup>, monthly rents ranged from \$537 to \$1800, with an average rent of \$794. The wide range in rental rates is indicative of the changing nature of the community and the increased rental prices that have recently affected the Washington Heights housing stock.

Table 4.1 below provides a summary of the general characteristics of the interview subjects.

**Table 4.1. Respondent Characteristics Summary**

No.	Gender	Age	Age Arrived in U.S.	Years in U.S.	EdLevel	Kids	Married	Employed in D.R.	Employed in U.S.	Current Employment
1	F	26	14	14	some college	0	yes	n/a	yes	medicaid facilitator
2	F	21	15	7	11th grade	1	no	n/a	no	sporadic employment in retail
3	M	53	52	1	college grad	3	yes	yes	yes	social services
4	F	36	19	18	H.S. grad	2	divorced	no	no	sporadic employment in home décor
5	M	32	18	15	some college	0	no	no	yes	social services
6	F	37	28	9		2	no	no	no	none
7	M	37	36	2	6th grade	2	divorced	yes	yes	construction
8	M	26	17	10	some college	1	no	no	yes	social services
9	F	46	28	18	college grad	1	yes	no	yes	social services
10	F	46	35	11	8th grade	2	yes	yes	yes	hair dresser
11	M	54	12	43	H.S. grad	12	yes	n/a	yes	central parking
12	M	50	20	31	Masters degree	3	divorced	no	yes	professor
13	F	63	23	41	8th grade	3	divorced	no	retired	none
14	F	39	28	12	college grad	2	yes	no	no	none
15	M	65	34	31	8th grade	1	yes	yes	yes	maintenance
16	F	32	28	5	H.S. grad	2	no	no	yes	home attendant
17	F	60	21	40	4th grade	2	yes	no	injured	none
18	M	56	50	7	college grad	6	divorced	yes	yes	taxi driver
19	M	66	28	38	8th grade	4	yes	yes	yes	administrative
20	F	42	24	18	H.S. grad	3	yes	no	no	none
21	M	53	26	28	some college	3	yes	yes	yes	travel
22	F	32	2	30	H.S. graduate	3	yes	n/a	yes	home attendant
23	F	47	33	15	9th grade	3	yes	no	yes	travel
24	M	51	26	26	H.S. grad	2	yes	yes	yes	utilities
25	M	50	37	14	8th grade	6	divorced	yes	yes	manufacturing
26	F	88	50	38		2	widowed	no	retired	none
27	M	50	33	17	H.S. grad	2	yes	yes	yes	maintenance

<sup>7</sup> Some subjects were not asked how much rent they paid. This was usually because I got the sense they would not feel comfortable talking about the specifics of their finances.

### III. Subjects' Remitting Habits

#### How Much is Remitted and How Often

The amount remitted by interview subjects ranged from \$300 to \$10,800 yearly. On average, subjects in the study sent \$2,857 in annual remittances to the Dominican Republic. The average remittance sent was \$224 per month, although \$100 or \$150 per month were the most commonly remitted amounts. On average, yearly remittances amounted to 17.4% of a subject's yearly salary but ranged from 1.5% to 60% of respondents' yearly salaries. Two respondents, both men, remitted as frequently as twice a month, while others, all women, reported remitting only six (6) times a year or less, as needed. Generally speaking, men sent more money (\$3,427 yearly) more frequently (fourteen times a year), but these remittances represented a smaller proportion of their yearly income (16.9%) than did female remittances (18.1%). All respondents who came to the United States as adults have been sending money to relatives in the Dominican Republic since they emigrated, and those who arrived in their youth have been sending remittances since they began working. Table 4.2 below summarizes the remitting frequency and amount for interview subjects.

**Table 4.2. Remittance Details**

	<b>Average Salary (Yearly)</b>	<b>Average Remittance Amount (Amount)</b>	<b>Average Remittance Frequency (Yearly)</b>	<b>Average Remittance Amount (Yearly)</b>	<b>Remittance as % of Salary (Yearly Average)</b>
<b>all respondents</b>	\$19,751	\$224	12	\$2,857	17.4%
<b>female</b>	\$12,553	\$206	10	\$2,288	18.1%
<b>male</b>	\$26,950	\$243	14	\$3,427	16.9%

#### Who Receives Remittances

With one exception, interview subjects reported that they sent money to members of their immediate family (spouses, children, parents, siblings), and the majority of respondents (60%) reported sending money to only one household. Those who were sending money to their spouses or children generally remitted a larger percentage of their yearly salary. It is possible that parents and siblings receive money from multiple family members abroad. Only one subject mentioned sending money to friends back home in addition to the money



he sent to family members. He emphasized that he would only send money to friends in their times of need who he knew were responsible and hardworking.

### **How Remittances are Sent**

All interview subjects reported sending remittances through wire transfer services provided by money transfer companies in the neighborhood. These services deliver money right to the doorsteps of their relatives in the Dominican Republic. Of the respondents who identified specific money transfer companies, *La Nacional* and *Quisqueyana*, two companies with several locations each in Washington Heights were mentioned most frequently. Only seven (7) respondents specified how much they typically paid to send remittances. The cost for their wire transfers ranged from 0.75% to 10% of the amount sent, with the average fee being 3.3% of the amount remitted. The broad range of prices is in line with that mentioned in a 2004 study of Dominican remittances in Washington Heights (1.3% to 8.3%) (Suki 2004). In that study, it was found that the cost of sending money to the Dominican Republic had fallen dramatically since June 2003. This finding is consistent with comments made by interview subjects regarding the cost of sending remittances. Only one respondent reported feeling it was too expensive to send money to the Dominican Republic.

### **Rationales for Remitting**

Interview subjects overwhelmingly cited the dire economic need in the Dominican Republic as their rationale for remitting. With the exception of a handful of respondents, most interview subjects said that conditions would be very bad for their family in the Dominican Republic if the remittances were not available. They said things like, “the money there just isn’t enough”, “they have nothing without this”, and without this “they would not be able to survive”. One woman said that the remittances she sent kept her mother alive because they were used to pay for medical care in the Dominican Republic and the purchase of medicine and medical equipment that was not available there. The few interview subjects who did not express experiencing such pressure to remit reported that family members in the Dominican would be okay if they did not send remittances because they received remittances from other relatives that were abroad, owned businesses in the Dominican Republic, or would simply figure something else out. Those that responded in this way were typically people who were

unemployed or less financially established in the United States. It was unclear whether these statements were made because the subjects truly believed their families would be okay without their help, or if by saying they would, they hoped to absolve themselves from a responsibility they knew they could not fulfill. For the most part, remitting appeared to be an obligation that respondents felt needed to be met, regardless of what their financial status was. “No matter how bad it is here,” one subject reported, “it is worse there.”

### **Personal Costs of Remitting**

With three exceptions, all interview subjects indicated that their commitment to send remittances required some type of sacrifice and/or created some type of financial strain. Respondents talked about how difficult it was to make ends meet and also send remittances. A few said that they sometimes sent less money to their family members in the Dominican Republic when they did not have enough to cover their monthly expenses. More often, respondents indicated that “even if you really can’t, you still have to send the money.” These people relied on borrowed money and credit cards to send remittances while covering their own expenses. A recurring theme in these interviews was the reliance on credit and consumer debt (several mentioned having up to \$5,000 in debt) to meet their domestic and international obligations.

One woman who was currently unemployed described the cost of supporting family back home as “the biggest possible sacrifice.” She had sent her two-year-old daughter to the Dominican Republic to be looked after by her sister because childcare in Washington Heights was too expensive. The additional money that she sent her sister to cover her daughter’s expenses plus compensation to her sister, in addition to the money that she was sending to support her family, was still less than the \$400 a month that it would cost for childcare in New York City. She knew that she had to be in the U.S. to support her family, but it meant she could not have her daughter with her.

For others, the sacrifices they make to send money abroad are in the ways they live their everyday lives. For these people, leading a “simple life here” means wearing clothing and shoes past their prime, always eating at home in order to reduce costs, and denying their

children the “extras” like video games, toys, or the latest styles. They live this way so that their family abroad does not suffer in worse.

### **Understanding Across Remittance Lines**

When asked whether remittance recipients in the Dominican Republic understood their economic situation in the United States and/or the sacrifices involved in sending remittances, most respondents replied “no”. Interview subjects commented that, “they think we’re rich here”, “they think we find money on the street” and “no one understands the sacrifice.” Some respondents blamed themselves and other emigrants for this, explaining “we are so flashy when we go back,” “we go back with fancy clothing and fancy gifts and make them believe that the dream [of life in America] is real.” Some respondents felt that this lack of understanding coupled with the continued remittances has created a situation where “people don’t make efforts to work because we keep sending money.” One respondent said this has led to an entirely new Dominican social class, “*la clase de los mantenidos*” (the class of the maintained), people who just sit at home and wait for money.

One of the issues regarding remittances that respondents frequently mentioned was the level of care-taking that it seemed to encourage. As one respondent aptly put it, not only can U.S. remittances discourage autonomy on the micro level, but it enables apathy on the national scale as well. The “pressure [to deal with the economic crisis in the Dominican Republic] is on people here [in the U.S.],” he argued, “not on the Dominican government.” Another interview subject identified the double-edged impact of money sent abroad. Through the remittance market, he said “ . . . we solve 30% of the national problems in the Dominican Republic, but sending money does not generate employment. At least tourism generates employment. The way things are now, we can’t move forward here or them there.”

### **Alternative Individual Uses for Remittance Funds**

In an attempt to better understand the real costs of remitting, interview subjects were asked what they would do with the extra money they would have if they did not have to send remittances. While subjects had a variety of readily available responses to this question, the

majority (63%) of those who answered<sup>8</sup> mentioned putting the money towards savings. Unfortunately, subjects were not asked whether they already had savings or if they even had a bank account. In retrospect, this would have been very useful information to include in this study. After savings, respondents most frequently mentioned using current remittance money to pay off existing debt or buy a home. What was interesting about these responses was that while none of the interview subjects owned property in the U.S., and only two owned homes in the Dominican Republic, all but one of those who mentioned they would buy a home with the money said they would buy a home in the Dominican Republic. They mentioned that buying a home in the United States would not feel the same because “here you never finish paying.” Accumulating savings was with the Dominican Republic in mind as well. One respondent stressed its importance: “We are here for a future and if you don’t save you can never leave.” Clearly, for most respondents, even if they did not send money abroad to the Dominican Republic, they would hope to eventually spend it there. Only two of the interview subjects, both in their twenties, mentioned alternative, more short-term uses for the additional money not sending remittances would provide. One said that she liked the “good life” and would probably spend the money on things in New York, and the other said that he might “mispend it on drinks and clothing.”

### **Alternative Collective Uses for Remittance Funds**

The question of how Washington Heights would be different if the money that was sent to the Dominican Republic stayed in the community here proved to be a difficult one to get interview subjects to answer. It is unclear if this difficulty was because of how the question was worded or asked, or whether people were actually having trouble imagining the collective impact that the money sent in these remittances could have on their community. Respondents were able to identify how sending remittances affected them personally, and could imagine what they would do with the money if they did not have to send it to the Dominican Republic. However, even though subjects were informed that last year more than \$1.6 billion was sent from the U.S. to the Dominican Republic (with a significant portion coming directly from Washington Heights) only four (4) of the interview subjects

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<sup>8</sup> When asked this question, some interview subjects responded that the money just had to be sent, and therefore it was not possible to imagine otherwise.

had anything to say about how their community might be different if this large volume of money had not been sent. These respondents imagined that if all this money was not sent abroad, there would probably be more business and home-ownership by Dominicans in Washington Heights and that more young people would be studying rather than working. One subject felt that Dominicans in New York City had a lot of financial power and that if the money that was spent on remittances were invested locally, Dominicans would be respected. While this subject acknowledged that there was great potential in this money and that “we don’t invest fully,” he also explained that it is “hard even for us to decide to become American citizens. I don’t even want to. I am Dominican.”

#### **IV. Summary of Significant Findings and Conclusion**

The analysis shows that the sending of remittances has an actual and imagined impact on Dominican remittance senders in Washington Heights. The key findings include:

- On average, yearly remittances amounted to 17.4% of yearly salary
- Heavy reliance on credit cards and debt
- Hopes to return to the Dominican Republic but acknowledgement that time may end up being split between both countries
- Cost of sending remittances is not much of a concern
- Feeling that no matter how hard it is to meet financial commitments in the United States, sending remittances is an obligation because things are much more difficult in the Dominican Republic
- Even if economic conditions for family members in the Dominican Republic improved to the extent that remitting was no longer necessary, the money sent would likely still be sent to the Dominican Republic to buy real estate for their retirement and eventual return
- Concern that flow of remittances has made Dominican government and Dominican people stop trying to improve the situation there

The deep connections Dominican-Americans have to the Dominican Republic, and the extent of the remittances they send to family there have major economic and psychological implications for the Dominican (immigrant and non-immigrant) community of Washington Heights. It’s with this in mind that one can safely say that an understanding of the

profoundly transnational and transculturalized existence of so many Dominican-Americans is essential to the success of any strategy for community and/or economic development in Washington Heights. Given the importance of these ties, it would be difficult for any plan to achieve its goals without considering this fundamental reality of the Dominican-American experience.

## CHAPTER FIVE: DISCUSSION AND RECOMMENDATIONS

This chapter summarizes the main findings of the study, discusses the implications of these findings, and makes recommendations for planning practice.

### I. Summary of Findings

Two categories of findings emerge from this study. The first centers on the economic and community development needs of the residents of Washington Heights. The second is the role that remittances play for Dominican immigrants in the U.S. and the impact these and other transnational connections have on their community here.

Confirming prior studies, the research undertaken in this paper describes a community of immigrants that exists in a state of economic precariousness. While some of the participants in this study were educated, held full-time jobs, and lived in a certain degree of comfort, the majority of the respondents were not well off and struggled to make ends meet. Even if the respondents were at a stage of their life where they felt comfortable, they lived in a community where most of the time this was not the case for most of the people and where economic conditions were not that different from those they left behind.

Complicating the picture for study participants is the important reality that remittances play, both emotionally and economically, in their day-to-day lives. Dominican immigrants have deep connections to family in their home country, and consider remittances to be an implicit, if not explicit obligation. On average, the subjects of this study sent remittances that amounted to 17% of their yearly salary, and sometimes as much as 60%. The scale of these financial commitments suggests a level of significance not just to individual remittance-sending migrants, but also to the community as a whole. The extent to which remittance-sending affects life for Dominican residents in Washington Heights is evident in the analysis of the collected data and also in the open-ended question responses that respondents gave. Results of this study indicate that Dominican immigrants in Washington Heights rely heavily

on debt to finance not only remittances but also daily consumption and housing-related expenses. While not every interview subject reported that sending remittances created a financial strain for them, as a whole, respondents indicated that sending remittances to the Dominican Republic and maintaining a decent standard of life in the United States proved difficult. Of particular note, respondents' reported desire to buy property and set aside savings for eventual retirement in the Dominican Republic further exposes the extent of their connections to their country of origin. In reality, even if they didn't send remittances to family in the Dominican Republic, the same money would more than likely still be sent or invested there.

While most respondents indicated that they find it difficult to meet all of their expenses, they feel that it is their obligation to send money to non-migrant family members in the Dominican Republic. No matter how difficult things are for them in Washington Heights, they know that the situation is worse for family in the Dominican Republic. Despite this sense of obligation, however, this study also suggests that remitters feel that a lot of pressure has been placed upon them to improve conditions for their families and for the Dominican Republic as a whole. There seemed to be a level of concern among study participants that not only was the Dominican government shirking some its responsibility to improve the economic conditions of its people, but that family members back home were becoming too dependent on remittances as their primary source of income. Furthermore, as evidenced by the responses to the question of whether their remittance-receiving relatives understood their economic situation and/or the sacrifice involved in sending this money, most respondents expressed feeling that their non-migrant relatives did not understand the reality of life in New York City and that they imagined that those here in the U.S. were well-off.

## **II. Implications**

Emerging from this study, we can see that a variety of problems that face the Dominican community in Washington Heights hinge on the remittance market and the relationship between migrants and their home country.



**Poverty**

While poverty rates for Washington Heights and the Dominican community as a whole are high, factoring in the share of income that is remitted may actually reveal much higher rates of poverty. Because the income that goes to remittances does not contribute to domestic consumption or pay for expenses in the United States, immigrants may actually be living on a significantly smaller income than indicated by census figures.

**Local Investment**

The fact that many Dominican immigrants in Washington Heights hope to return to their home country and have a primary focus of attaining an economic position in the U.S. that would allow them to return and/or purchase a home in the Dominican Republic could suggest they have less inclination towards investment in their local communities and in the United States as a whole. However, a closer look reveals the intricacies of this reality. Immigrants are very conscious of the fact that economic opportunities and medical services are much more limited for their relatives in the Dominican Republic. Furthermore, they recognize that their connections to their children, many of whom were born in the United States or emigrated at an early age and will likely stay, also create a pull to the United States. This understanding provides insight into the particular push-pull dynamic of the immigrant experience, as well as possible strategies for community development.

**Banks and Credit Unions**

While encouraging money transfers through the formal financial sector (banks and credit unions) provides the opportunity to link remittances with other financial services that might increase banking, savings and investment, remitters overwhelmingly feel that the rates offered by local money transfer companies are reasonable, and there is evidence that these rates have in fact decreased in the last two years. Furthermore, many money transfer companies also offer additional services that target the local immigrant population, including low-fee international phone calls and airfare sales, and have offices or well-established partnerships in the Dominican Republic that facilitate the efficient and reliable home-delivery of remittances. This low-cost, “one-stop” shopping poses a challenge to strategies that attempt to promote banking by encouraging migrants to remit via local financial

institutions. Although the potential impact of collective saving, planning, and investing in Washington Heights should hardly be minimized, plans that fail to take into account existing long-standing practices with institutions that already meet current needs may face difficulty attracting participants.

### **Adjusting Remittance Flows**

The unchanging, precarious economic conditions in the Dominican Republic that provide the main motivation behind the sense of obligation that leads immigrants to remit make it unrealistic to expect migrants to stop sending remittances and shift their contributions solely to investment in development within their U.S.-based communities. For many, immigration is seen not only as a means to improve one's condition but also to improve the conditions for one's non-migrant family members. Furthermore, the findings of this study suggest that remittances are experienced as an intensely personal thing, and (despite their universal existence) very much the product of individual relationships. In the same way that respondents to the study had a hard time imagining or talking about the effects of remittances at the community level, it could be reasoned that remitters would not be inclined to get on board efforts that are "sold" to immigrants to streamline or channel remittances towards communal projects, here or abroad. As such, efforts to shift even a portion of remittance flows may prove unsuccessful and may even interfere with the natural process of immigration.

### **Relationships with Home Country and Non-migrant Relatives**

Although they are aware of and sympathetic towards the difficult economic realities of their non-migrant relatives, the study indicates that migrants feel that there is too much pressure on them to improve conditions back home, that the Dominican government is not doing its part to improve the situation on the island, and that family members are becoming too dependent on the income they provide. While none of the respondents directly said that they took issue with the obligation of remitting, or planned on stopping, there was a tangible undercurrent of resentment that frequently surfaced. Without saying it, it was clear that immigrants would continue remitting, but that some felt taken advantage of. If this

continues, will this tension unduly strain family relationships and ultimately lead to disinvestment in the Dominican Republic?

### **III. Recommendations**

The following recommendations address the general issues raised in the prior section. They are not meant to serve as an exhaustive list of necessary steps, but point to opportunities for possible change.

#### **Community & Economic Development**

Community and economic development strategies for the immigrant community in Washington Heights should not attempt to convince residents that they may never return to their home country. It is unrealistic to imagine that Dominican immigrants will just stop remitting or hoping to return to their homeland. Development efforts in the community should focus on the fact that immigrants are trying to maximize their earnings and savings in the United States, and that their interest in and economic responsibility towards the Dominican Republic is not in the absence of very real connections to life here. Many immigrants recognize that even if they do return to the Dominican Republic, and have set aside money to accomplish this move, they will be back frequently, at the very least to see their children, who will remain here. In this way, efforts to increase banking, local investment and collective identity within the community should be geared towards and promoted as optimizing conditions here and abroad. Focusing resources on domestic issues alone would be as inappropriate and incomplete as imagining that solving the economic problems of the Dominican Republic will, by extension, alleviate the issues that surround poverty in Washington Heights.

Linking remittances to formal financial institutions provides a great deal of opportunities for the Dominican residents of Washington Heights, not only by promoting banking, but also by educating people about credit and investment. Although the specialized services, transfer costs and familiar settings offered by many of the local money-transfer companies may make it difficult for the formal financial institutions to break into the market, opportunities exists for banks and/or credit services to partner with local money-transfer agencies in the United States and the Dominican Republic. Established financial institutions can directly link

themselves with money-transfer companies – taking advantage of the long-standing relationships, ease of use, and additional services that these companies offer, while providing the capital and access to savings accounts, loans, financial advising and other benefits normally relegated to the formal financial sector. A joint mutually beneficial arrangement would seem a wiser path than the overlap and reinvention likely created by banks trying to become money-transfer companies or visa versa. This model is also open to further linkage with banks in the Dominican Republic, which would allow designated family members overseas to have access to interest accrued on invested savings. Within this structure, it would be important to help immigrants understand other means for investment and savings that might earn money that could be used for retirement or to support family back home.

Financial education that encourages domestic investment by Dominican immigrants should promote greater asset ownership in the United States and educate immigrants on attainable and profitable investments. This would accomplish two parallel goals. Not only would education improve the financial outlook, stability, and standard of living for U.S.-based Dominicans, but it would also help immigrants maintain longer-term remitting patterns (e.g. money earned from investments or real estate, not spent on rent or normal expenses, could be channeled abroad).

### **Understanding Remittances at the Global Level**

Educating the Dominican community in the United States about the scale of international remitting, and the collective amount of money being sent to the Dominican Republic might help individual remitters understand their contribution to the larger context, and encourage collaboration on the sending-side of the remitting market. The inability to imagine the collective domestic impact of the US-Dominican money-sending market limits buy-in and commitment to community organization centered on remittances. Any effort to mobilize remittances, or capitalize on them, first needs to educate remitters about their role in the larger global market.

### **Decrease Dependence Overseas**

Promoting job training, education, investment, and development in the Dominican Republic will help build independence and free Dominican emigrants from some of the

responsibilities associated with current remitting practices. U.S. Dominicans, while proud of their ability to support their families back home, would welcome opportunities to limit the ingrained dependence of their families overseas. Given this reality, it seems that immigrants would be inclined to contribute to organizations that supported sustainable growth in the Dominican Republic. Capturing a share of the remittance market would be easier if it were tied into pooling money for community desired outcomes such as education, health care or job-training and creation.



## **CHAPTER SIX: CONCLUSION**

### **I. Conclusion**

The purpose of this study was to explore how migrant remittances to developing countries affect the U.S. communities in which they live. Previous research on migrant remittances has focused on how these remittances affect the recipients, their communities, and the receiving countries as a whole. While there has not been consensus on whether these flows of money are beneficial or detrimental, in recent years, there has been a proliferation of reports with recommendations for countries that receive a large amount of money through remittances as to how they might increase their impact and flow. There is particular interest in remittances to Latin America because, with its exploding U.S. immigrant population, Latin America has one of the largest and fastest growing remittance markets in the world. By exploring the question of the domestic impact of migrant remittances, this study hopes to shed light on a portion of the remittance equation that seems to have been ignored by much of the previous research.

It is difficult to isolate how remittances affect a neighborhood like Washington Heights, which not only has a large remittance-sending population but is also afflicted with large rates of unemployment and poverty. The experiences, living conditions and comments of the individuals that were part of this study help us understand what effects remittance-sending has on individual remittance-senders, and by extension, the community as a whole. This study found that the deeply ingrained nature of the U.S.-Dominican remittance market has a profound effect not only on the lives of the remittance-receivers but also on the individual remittance-senders and the community in which they live. This effect is made more acute by the intense connections Dominican immigrants have with their home country, and in many cases, by their desire to eventually return. The transnational obligations and desires of Dominican immigrants in Washington Heights highlight a unique component of the immigrant experience and reveal opportunities for economic development and community

organization that is focused on the push and pull of the immigrant reality. Thoughtful transnational development planning practice should acknowledge and embrace the dual existence of many immigrants and propose strategies that are sensitive to shared loyalties, and mutually beneficial to communities here and abroad. While this study is only a look at one immigrant community and does not even provide a complete portrait of the Dominican community in Washington Heights, I hope that it will serve to open a discussion on immigrant remittances that looks at their impact on the receiving and sending sides of the equation, and begins to formulate recommendations that can be beneficial to both.

## **II. Suggestions for Future Research**

This study exposes some the issues that may arise at the community level in neighborhoods with high remittance-sending populations. It is just a first step of hopefully many more in understanding the domestic impact of remittances. Based on the findings and conclusions of this study, the following suggestions are made for additional research:

- Study a larger, more extensive sample of remitting populations in other immigrant communities.
- Explore the banking habits of remittance-senders and ways in which the formal financial sector could both support and take advantage of a largely untapped market.
- Look at the psychological, economic and demographic impact of the “myth of return” in different immigrant communities.
- Determine which organizations are best capable of attracting and channeling a captured share of remittance funds into larger scale community projects both in the United States and in the Dominican Republic.



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